

2015-2016

# RESOURCE GUIDE *for* SMALL BUSINESS

U.S. Small Business Administration • Maryland Edition

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Growth  
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2015-2016 MARYLAND

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*On the Cover: Kyong Tremblay and her daughter Stephanie Horn working together at the family business, Horn Jewellers. See story on page 21.*



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Printed in the United States of America

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SBA Publication # MCS-0018

This publication is provided under SBA Contract # SBAHQ05C0014.

## FROM THE ADMINISTRATOR



# Take Your Business to the Next Level

At the SBA, one of our core missions is to provide access to capital in an inclusive manner. But that's not the end of our commitment to America's small business owners; it's only the start.

We know small businesses need reliable lending to grow, but we also know how important it is to provide information regarding business fundamentals, regulatory compliance, capital management, public contract bidding, exporting and networking to create new opportunities and new customers.

Two of three graduates of the SBA's **Emerging Leaders** program go on to increase their revenue; three out of four make new hires and nearly half secure government contracts. I'll never forget meeting the head of a public utilities company when I was a banker in Los Angeles. His company was committed to working with more underserved businesses and he told me he had a strong preference to contract with companies whose executives had been through programs like this one. He said Emerging Leaders are more sophisticated. They speak the language of business and know how to run sound operations and how to problem-solve. Learn more about this program in the Counseling section of this guide.

The SBA is also focused on the unique opportunities presented by international commerce. Over the next decade, one billion consumers are going to join the global middle class. The SBA's **State Trade and Export Promotion (STEP) program** can help small businesses sell to them. We're also focused on helping more of our military veterans apply their military leadership skills to their dream of business ownership through **Boots to Business**.

Most of the job creation in our economy comes when small businesses get the counseling, capital and contracts they need to implement their expansion plans. This guide will give you fresh ideas about how the SBA can work with your small business to scale up and reach even greater heights.

Go to [www.sba.gov](http://www.sba.gov) to learn more about how the SBA can support your growth strategy. We look forward to working with you to help your business realize its full potential.

Warmest regards,

A handwritten signature in dark ink, appearing to read 'Maria Contreras-Sweet'.

**Maria Contreras-Sweet**  
*Administrator*  
*U.S. Small Business Administration*



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## MESSAGES

**Mike Gill**

**Secretary of the Maryland  
Department of Business and  
Economic Development**

MARYLAND OF OPPORTUNITY.

Maryland is home to a wealth of entrepreneurs, innovators and small business owners who work every day to make our State better, our economy stronger and our future brighter. At the Department of Business and Economic Development (DBED) and throughout State government, we are committed to supporting the small business community and the more than 1 million workers they employ.

If you are interested in starting a small business, or need guidance on how to grow your small business, I invite you to contact the DBED Office of Small Business Resources at 410-767-6391 or visit our website at [www.choosemaryland.org](http://www.choosemaryland.org). Our dedicated staff can help you navigate local, state and federal government regulations and processes; identify and connect to state and federal resources; understand permitting and licensing regulations; and access state and federal financing programs and a host of other services.

Our Department also has a toolbox full of programs that can help grow your business. For example, the **Small, Minority and Women-Owned Small Business Loan Fund** receives 1.5 percent of video lottery terminal revenue from Maryland casinos to make loans to small businesses around the state, including retailers, restaurants, manufacturers and IT firms. The revolving fund requires that the managers deploy at least 50 percent of their

allocations to small, minority and women-owned businesses within a 10-mile radius of Maryland's casinos. The balance benefits small, minority and women-owned businesses across the rest of the state. Through the end of May 2015, 128 loans totaling \$15.2 million have been made through the program.

We also have the **Military Personnel and Veteran-Owned Small Business No-Interest Loan Program**. Created in 2006, the program provides no-interest loans of up to \$50,000 to businesses owned by or who employ military reservists, veterans and National Guard personnel. I encourage you to visit our website to learn more about the financing program that best fits your needs.

To help propel your business to the next level, we have launched a program called **Advance Maryland**, in collaboration with the Economic Alliance of Greater Baltimore. Companies are selected to work with a team of highly-skilled research specialists who will spend eight to 12 hours on market research. The team works through the project plan and comes up with recommendations and next steps to help companies achieve the next level of growth.

Thank you very much for your hard work to improve your business and make Maryland's economy stronger and more vibrant.

Sincerely,

**Mike Gill**

Secretary

Maryland Department of Business and Economic Development



**REVITALIZING  
ECONOMIC GROWTH**

Baltimore was selected to participate in SBA's Emerging Leaders (formerly e200) initiative, a jobs and growth stimulation effort targeting promising metropolitan-area businesses. The SBA initiative focuses on small, poised-for-growth metropolitan-area companies with a potential for job creation. The comprehensive curriculum provides winning expansion strategies to help participants explore options for capital investment and take advantage of contracting opportunities. Participants

have the opportunity to work with experienced mentors, attend workshops and develop connections with banks and the private equity community.

For more information on the Emerging Leaders program, contact Mark Williams of the SBA Baltimore District Office at [mark.williams@sba.gov](mailto:mark.williams@sba.gov) or 410-244-3329. Additional information is available on the web at [www.sba.gov/emergingleaders](http://www.sba.gov/emergingleaders).

## FROM THE REGIONAL ADMINISTRATOR



This Resource Guide is one of many tools we offer entrepreneurs to help start or grow businesses. The U.S. Small Business Administration is here to help these entrepreneurs navigate

business opportunities and continue to be the backbone of our nation by creating jobs, and fueling our continuing economic recovery.

To accomplish this goal, we must continue our work to modernize the SBA, so that we're accessible and relevant to the business community in the 21st century. Some of what you're seeing in 2015 includes LINC, SBA One, and a more intensive push to get small businesses reaching into international markets.

LINC (Leveraging Information & Networks to access Capital) is a new online referral tool connecting small business borrowers with nonprofit lenders from the Microloan, Community Advantage (CA), & 504 Programs.

Prospective borrowers complete an online questionnaire, which is then forwarded to all LINC lenders operating within a particular county. Those lenders decide then to either opt in, or opt out of further loan discussions with the applicant. Answers come within 48 hours, rather than weeks of pounding on pavement and knocking on doors.

SBA One takes everything online and presents businesses to financial institutions through the Internet. It automates the uploading of documents and generation of forms and allows for electronic signatures.

On each 7A loan it will save banks hours of processing time and, of course, money.

The combination of the recently instituted predictive credit scoring and SBA One will incent more banks to partner with us to promote underserved lending, generate more loans in general, and ignite economic activity.

President Obama's decision to reestablish diplomatic relations with Cuba and ease some commercial and travel restrictions is a step toward increased freedom and economic opportunity. American businesses, small and large, stand to gain access to an important new market for goods and services just miles from our shores. SBA will be there to help with capital access and trade opportunities.

Last year, the SBA shattered its record for export finance, supporting \$2.8 billion in export sales. It is clear we can do even more to help our smaller firms reach the 95 percent of global consumers who live outside of our borders. For starters, we guarantee 90 percent of export loans (working capital, line of credit, or fixed-asset financing) on amounts up to \$5 million. We also have an expedited approval process on export loans under a half-million dollars.

The Administration recognizes entrepreneurs and small business owners as the true engines of our economy. Their adaptability and innovativeness, while creating jobs and civic stability, are what makes this country great. The SBA is your resource to make your business dream a reality. Visit our website, call, or visit our local district offices to get started!

Best Wishes,

*Natalia Olson-Urtecho*

**Natalia Olson-Urtecho**

*Regional Administrator*

*U.S. Small Business Administration  
Mid-Atlantic Region (Region III)*

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Baltimore, MD 21201

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# Rules For Success

*Like today's small businesses, large corporate success stories started with only an entrepreneur and a dream.*

I am pleased to present this edition of the Baltimore District Office's Maryland Small Business Resource Guide for fiscal year 2015-2016.

The U.S. Small Business Administration (SBA) is dedicated to providing customer-oriented, full-service programs and accurate, timely information to the entrepreneurial community. This is no small task. There are approximately 25 million small businesses in the United States. They represent 99.7 percent of all employers and employ more than 58 percent of the nation's private work force.

For over sixty years, the SBA has sought ways to assist entrepreneurs achieve their dreams and prosper as small business owners. We offer a variety of programs to meet the needs of small business owners, including loan guarantees, management and technical assistance programs and government contracting assistance. Last year, in Maryland alone, the SBA assisted nearly 500 entrepreneurs with financing guarantees valued at over \$192 million dollars. This was a record-breaking year for SBA lending in our district; reaching levels not seen in the last twelve years.

The Resource Guide will be an invaluable tool in your business growth and development. Outlined in this Resource Guide are SBA's key

programs and contact information for sources of local assistance that can assist you in starting or growing your business venture.

Our goal is to empower the small business community through education and training that will result in an increase in the number of jobs created; increases in the number of small businesses opened; increased opportunities for access to credit for business growth; increased revenues and profits. We are dedicated to providing customer-focused delivery of our programs. For additional information on SBA programs and services, including local workshop listings, visit us on the web at [www.sba.gov/md](http://www.sba.gov/md) or call the Baltimore District Office at 410-962-6195.

We are fortunate in the state of Maryland to have a wealth of resources available to entrepreneurs. Whether you're just starting out or you're already in business, use these resources to your advantage to maximize your opportunities for success.

Sincerely,

**Stephen D. Umberger**  
*District Director of*  
*SBA's Baltimore District Office*

## We Welcome Your Questions

For extra copies of this publication or questions please contact:

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10 S. Howard Street, Suite 6220  
Baltimore, MD 21201

Tel: 410-962-6195 Fax: 410-962-1805

Website: [www.sba.gov/md](http://www.sba.gov/md)



# Doing Business in Maryland

2015 MARYLAND SMALL BUSINESS  
WEEK AWARD WINNERS

## THE BALTIMORE DISTRICT OFFICE

Under the leadership of Stephen D. Umberger, District Director, the Baltimore District Office serves the State of Maryland, with the exception of Prince George's and Montgomery counties. The District Office is located at 10 S. Howard Street, Suite 6220, Baltimore, MD. Office hours are from 8:30 AM until 4:30 PM, Monday through Friday.

## CONTACTING THE BALTIMORE DISTRICT OFFICE

For program and service information, please contact the Baltimore District Office at 410-962-6195 or visit us online at [www.sba.gov/localresources/district/md](http://www.sba.gov/localresources/district/md).

## SERVICES AVAILABLE

Financial assistance for new or existing businesses through guaranteed loans made by area bank and non-bank lenders.

Free counseling, advice and information on starting, better operating or expanding a small business through SCORE -

Counselors to America's Small Business, Small Business Development Centers (SBDC) and Women's Business Centers (WBC). These organizations also conduct training events throughout the district - some require a nominal registration fee.

Assistance to businesses owned and controlled by socially and economically disadvantaged individuals is available through the Business Development Program.

A Women's Business Ownership Representative is available to assist women business owners. Please contact Tonia McCoy at [tonia.mccoy@sba.gov](mailto:tonia.mccoy@sba.gov) or 410-244-3323.

Special loan programs are available for businesses involved in international trade.

A Veterans Affairs Officer is available to assist Veterans. Please contact Mark Williams at [mark.williams@sba.gov](mailto:mark.williams@sba.gov) or 410-244-3329.

## MD Small Business Person of the Year

Tim Bonner  
Tim's Automotive & Towing  
Baltimore, MD

## Attorney Advocate

John A. Hayden, III, Esq.  
Whiteford, Taylor & Preston  
Towson, MD

## Accountant Advocate

Diane Brewer  
HeimLantz, PC  
Annapolis, MD

## Exporter

Tony Tsonis  
Barcelona Nut Co.  
Baltimore, MD

## Family Owned Small Business

Lynn & Greg Scott  
ES Hubbert & Son, Inc.  
Cambridge, MD

## Financial Services Champion

Teresa Rogers  
SunTrust Bank  
Baltimore

## Home Based Business Champion

Patricia Troy  
Next Wave Group, LLC  
Severna Park, MD

## Insurance Advocate:

John (Jack) E. Degele, Jr.  
Degele & Associates  
Ellicott City, MD

## Minority Small Business Champion

Joe Morse  
Maryland Capital Enterprises  
Salisbury, MD

## Veteran Small Business Champion

Kevin Coby  
SITEC Consulting  
Annapolis Junction, MD

## Women in Business Champion

Laura Kirby-Meck  
Sonata Venture Solutions, LLC  
Westminster, MD

## Young Entrepreneur

Abigail Larkin  
Sofi's Crepes  
Severna Park, MD

## District Director's Unsung Hero:

Victor Clark  
MD Dept. of Business & Econ. Development  
Baltimore

## Rising Star Student Entrepreneur Award

Lily DeBell  
Lily's Legwarmers  
Baltimore



## SUCCESS STORY

**Stephanie Novak Hau,**  
**President/CEO**  
**Chesapeake**  
**Environmental**  
**Management, Inc.**  
**Bel Air, MD**

### *The Science of Success*

What a wonderful world it would be if there was a simple, distinct formula for small business success. There are many successful entrepreneurs across the country. Ask any of them the secret to their success and you would get a variety of answers. However, there would be several consistent characteristics within those answers: determination, hard work and passion. All of these ring true for Stephanie Novak Hau, President and CEO of Chesapeake Environmental Management, Inc. in Bel Air, Md.

Growing up in Baltimore, as one of four children, Stephanie was raised in a home where great emphasis was placed on education. Her mother worked two and even sometimes three jobs to put her children through private school. A fifth grade field trip to the local Echo Hill Outdoor School, prompted Stephanie's fascination with environmental science. She

knew right away that it would be her career path. Unfortunately, the visit also proved life altering in another way. Stephanie was bitten by a tick and developed Lyme Disease, which went undiagnosed and untreated until she was 27 years old. Despite the short-term memory loss associated with Lyme Disease and her family's financial struggles, Stephanie put herself through college, ultimately earning a Master's Degree in Geology. Convinced she wanted to teach at the college level, went on to get her Doctorate Degree. While in school to make ends meet, she took a part-time job with an environmental consulting firm. There, she discovered her entrepreneurial side and never looked back.

In 1993, with no business experience, a mortgage, and combined student debt of over \$60,000, Stephanie and her husband, Joe, founded Chesapeake Environmental Management, Inc. (CEM). The full-service consulting firm works to solve their client's environmental challenges by carefully considering the complex inter-relationships of the environmental sciences, including geology, hydrology and ecology. They work diligently to fulfill their mission of "Applying Practical Science to Improve Communities."

Stephanie thought she had paid a lot for her scientific education, but had no idea how much she would pay for her business education. Over the years, there was a key employee who left

— continued on page 16

## 2016 MARYLAND SMALL BUSINESS WEEK AWARDS PROGRAM

Nominations for the 2016 Maryland Small Business Week Awards Program, part of the SBA's National Small Business Week Celebration, will be accepted beginning in September 2015. Nominations are due in mid-December 2015. For a copy of the nomination guidelines or for more information, visit [www.sba.gov/md](http://www.sba.gov/md) or contact Rachel Howard at [Rachel.howard@sba.gov](mailto:Rachel.howard@sba.gov) or 410-244-3337.

Winners will be announced in mid-March 2016. Winners will be honored at the 32nd Annual MD Small Business Week Awards Luncheon on Friday, April 29, 2016 at Martin's West in Woodlawn, MD. For event details, visit [www.mdsbwawards.org](http://www.mdsbwawards.org).

\*SBA's participation is not an endorsement of the views, opinions, products or services of any cosponsor or other person or entity. All SBA programs or cosponsored programs are extended to the public on a nondiscriminatory basis. Contact Rachel Howard at [Rachel.howard@sba.gov](mailto:Rachel.howard@sba.gov) or 410-244-3337. Co-sponsorship #15-0373-85.

# The Making of an SBA “Gazelle”

by Paula Panissidi, SBA’s Director of Marketing

Throughout the pages of this resource guide, you’ll read about how SBA has resources, programs, and services for small business owners and aspiring entrepreneurs at every stage of the business life cycle. This is definitely true; from developing your business plan to helping you finance a new location to taking your product overseas, SBA is there for you. However, I’d be lying if I didn’t say there was a special place in my heart for what we here at SBA Headquarters refer to as the “gazelles.”

Gazelles are animals that are known for being both graceful and quick, outrunning their predators and surviving under what are often very harsh conditions. It is exactly in that context that we use the term. Like the top students in school, SBA’s “gazelles” are those businesses that you can just tell are destined for greatness. They have a certain quality that is intrinsic to their nature; it comes from within. They don’t just want to coast by; they want to succeed. Life may deal them challenges, but they have the drive to survive. In a nutshell, SBA gazelles are hungry. They seek out and take advantage of every opportunity.

SBA gazelles are at a certain stage in their business life cycle. We call them “poised for growth,” and, while the potential to be a gazelle may be inherent, a small business owner that hones his or her skills through experience and training at this phase is much more likely to thrive. It is for this reason that SBA offers a number of training programs for small businesses in this stage of development, such as our Emerging Leaders Program and the 8(a) Business Development Program. Both programs are designed for small business owners with some experience under their belts and a desire, like the gazelle that swiftly and gracefully leaps to safety, not just to survive but to thrive.

Earlier this year, I sat down with some of the graduates from the Baltimore and Washington, DC classes of the 2015 Emerging Leaders Program to hear about their experience and whether they would recommend the program to other small business owners like themselves. They were overwhelmingly positive about the program, and, though they admitted it was hard work, they highly recommended it to their peers. Visiting with them was invigorating and reminded me of all the great work we do in our district offices to help small businesses succeed. If you’d like to feel inspired, check out the video we made for small business owners who are considering applying for the program at **[www.sba.gov/emergingleaders](http://www.sba.gov/emergingleaders)**.

The next several pages profile just a handful of the small businesses that have succeeded, in large part, due to the assistance they received from SBA. Lest anyone think from this article that we take credit for an SBA gazelle’s success, we acknowledge that we play but a small role in a business’ rise to becoming “the next household name.” We hope these stories both inspire and motivate you to pursue the path of entrepreneurship.

*For more information about the SBA Emerging Leaders Program, please visit **[www.sba.gov/emergingleaders](http://www.sba.gov/emergingleaders)**.*

*For information on the 8(a) Business Development Program, see **[www.sba.gov/8a](http://www.sba.gov/8a)**.*

*To find the location of your nearest SBA District Office, visit **[www.sba.gov/tools/local-assistance](http://www.sba.gov/tools/local-assistance)**.*



Adam Benesch &  
Jon Zerivitz  
CO-FOUNDERS  
UNION CRAFT BREWING

Pouring everything  
into a dream.

Understanding  
what's important.

The founders of Union Craft Brewing came to us in 2012 with little more than an interesting idea and a passion for craft beer. Together, we identified what needed to be done to get their business off the ground – and their beer into glasses. We've since helped them grow to employ a staff of 15. And their dreams are only getting bigger. Our eagerness to help businesses like Union Craft Brewing is why M&T's a top SBA lender<sup>1</sup> in the nation and why we've been recognized by Greenwich Associates for excellence in small business banking.<sup>2</sup> Find more of Union Craft Brewing's story at [mtb.com/businessbanking](http://mtb.com/businessbanking).

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<sup>1</sup>According to statistics released by the U.S. Small Business Administration (SBA) for total approved loans through the SBA's 7(a) lending program during the federal fiscal year ending 9/30/2014.

<sup>2</sup>Based on the 2014 Greenwich Excellence Awards in Small Business Banking.

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# COUNSELING

Getting Help to Start, Market and Manage Your Business



**E**very year, the U.S. Small Business Administration and its nationwide network of resource partners help millions of potential and existing small business owners start, grow and succeed.

Whether your target market is global or just your neighborhood, the SBA and its resource partners can help at every stage of turning your entrepreneurial dream into a thriving business.

If you're just starting out, the SBA and its resources can help you with business and financing plans. If you're already in business, you can use the SBA's resources to help manage and expand your business, obtain government contracts, recover from disaster, find foreign markets, and make your voice heard in the federal government.

You can access SBA information at [www.sba.gov](http://www.sba.gov) or visit one of our local offices for assistance.

## SBA'S RESOURCE PARTNERS

In addition to our district offices, which serve every state and territory, the SBA works with a variety of local resource partners to meet your small business needs: SCORE chapters, Small Business Development Centers (SBDCs), and Women's Business Centers (WBCs). This partner network reaches into communities across America: More than 13,000 business counselors, mentors and trainers available through over 900 Small Business Development Centers,

110 Women's Business Centers and 350 SCORE chapters. These professionals can help with writing a formal business plan, locating sources of financial assistance, managing and expanding your business, finding opportunities to sell your goods or services to the government, and recovering from disaster. To find your local district office or SBA resource partner, visit [www.sba.gov/tools/local-assistance](http://www.sba.gov/tools/local-assistance).

## SCORE

SCORE is a national network of more than 11,000 entrepreneurs, business leaders and executives who volunteer as mentors to America's small businesses. SCORE volunteers donated more than 1.1 million hours providing services to small business clients. SCORE leverages decades of experience from seasoned business professionals to help entrepreneurs to start and grow companies and to create jobs in local communities. SCORE does this by harnessing the passion and knowledge of individuals who have owned and managed their own businesses and want to share this "real world" expertise with you.

Found in more than 350 chapters and 800 locations throughout the country, SCORE provides key services – both face-to-face and online – to busy entrepreneurs who are just getting started or are in need of a seasoned business professional as a sounding board for their existing business. As members of your community, SCORE mentors understand local business licensing rules, economic conditions and important business networks. SCORE can help you as they have done for many entrepreneurs through the years by:

- Matching your specific needs with a business mentor
- Traveling to your place of business for an on-site evaluation
- Teaming with several SCORE mentors to provide you with tailored assistance in a number of business areas

Across the country, SCORE offers more than 10,000 local business educational workshops and seminars ranging in topic and scope depending on the needs of the local business community. SCORE workshops cover all manner of business topics, including: an introduction to the fundamentals of a business plan, managing cash flow and marketing your business. For established businesses, SCORE offers more in-depth training in areas like customer service, hiring practices and home-based businesses.

For around-the-clock business advice and information on the latest business news and trends visit [www.sba.gov/score](http://www.sba.gov/score) or call 800-634-0245 for the SCORE office nearest you. More than 1,200 online mentors with over 150 business skill sets answer your questions about starting and running a business.

For more information on SCORE and to get your own business mentor, visit [www.SCORE.org](http://www.SCORE.org).

## ON THE UPSIDE

*It's true, there are a lot of reasons not to start your own business. But for the right person, the advantages of business ownership far outweigh the risks.*

- You get to be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earnings and growth potential are unlimited.
- Running a business will provide endless variety, challenge and opportunities to learn.



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**Baltimore SCORE Chapter No. 3**

Counties served: Baltimore, Baltimore City, Harford County, Howard County  
410-962-2233  
baltimorescore@verizon.net  
www.greaterbaltimore.score.org  
Hours: By appointment only

**Frederick – SCORE Chapter No. 632**

Counties served: Frederick, Carroll  
240-215-4757  
info@scorefrederick.org  
www.scorefrederick.org  
Hours: By appointment only

**Hagerstown – SCORE Chapter No. 539**

Counties served: Washington, Allegany, Garrett  
301-766-2043  
info@scorehagerstown.org  
www.scorehagerstown.org  
Hours: By appointment only

**Mid-Shore SCORE – Chapter No. 626**

Counties served: Talbot, Dorchester, Caroline, Wicomico, Somerset, Worcester  
410-822-4606  
score626@goeaston.net  
www.easternshorescore.org/chapter626  
Hours: By appointment only

**Southern MD – SCORE Chapter No. 390**

Counties served: Anne Arundel, Charles, St. Mary's, Calvert  
410-266-9553  
SCORE390@aol.com  
info@score390.org  
www.score390.org  
Hours: By appointment only

**Prince George's and Montgomery Counties****Call Washington DC SCORE Chapter No. 1**

P.O. Box 34346  
Washington, DC 20043  
202-606-4000 ext. 287  
Hours: By appointment only

**Upper Shore SCORE – Chapter No. 670**

Counties served: Kent, Queen Anne  
410-810-2969  
www.easternshorescore.org/chapter670  
Hours: By appointment only

**SMALL BUSINESS DEVELOPMENT CENTERS**

The U.S. Small Business Administration's Small Business Development Centers (SBDC) mission is to build, sustain, and grow small businesses; as well as to promote small business development and enhance local economies by creating businesses and fulfilling its mission of creating jobs.

The Small Business Development Centers, vital to SBA's entrepreneurial outreach, have been providing service to small businesses for almost 35 years.

It is one of the largest professional small business management and technical assistance networks in the nation. With over 900 locations across the country, SBDCs offer existing and future entrepreneurs free one-on-one expert business counseling and low-cost training by qualified small business professionals.

In addition to its core services, the SBDCs offer special focus areas such as green business technology, disaster recovery and preparedness, export assistance, international trade assistance, veteran's assistance, technology transfer and regulatory compliance.

The program combines a unique combination of federal, state and private sector resources to provide, in every state and territory, the foundation for the economic growth of small businesses. The return on investment is demonstrated by the program's success during FY2013.

- Assisted more than 14,200 entrepreneurs to start new businesses – equating to nearly 39 new business starts per day.
- Provided counseling services to more than 104,000 emerging entrepreneurs and over 96,000 existing businesses.
- Provided training services to approximately 330,000 clients.

The efficacy of the SBDC program has been validated by a nationwide impact study. Of the clients surveyed, more than 80 percent reported that the business assistance they received from the SBDC counselor was worthwhile. The top five impacts of counseling cited by SBDC clients were revising marketing strategy, increasing sales, expanding products and services, improving cash flow and increasing profit margin. More than 40 percent of long-term clients receiving five hours or more of counseling reported an increase in sales and profit margins.

For information on the SBDC program, visit [www.sba.gov/sbdc](http://www.sba.gov/sbdc).

**Maryland SBDC Headquarters**

<https://connect.sba.gov/vpn/index.htmlc/o>  
University of MD  
7100 Baltimore Ave., Ste. 401  
College Park, MD 20740-3627  
301-403-8300 • 877-787-7232 Toll Free  
www.mdsbdc.umd.edu

For additional information, visit the Maryland SBTDC home page listed above or contact the Regional SubCenter nearest you.

**Corridor Region SBDC**

c/o University of MD  
7100 Baltimore Ave., Ste. 402  
College Park, MD 20740-3627  
301-403-0501 • 877-787-7232 Toll Free  
www.sbtcdc.org  
Areas served: The counties of Prince George's, Montgomery, Baltimore, Anne Arundel and Howard and Baltimore City.

**Corridor Region Satellite Location:**

620 W. Lexington St., 4th Fl.  
Baltimore, MD 21201  
410-706-5466 or 877-421-0830

**Eastern Region SBDC**

c/o Salisbury State University  
Power Professional Bldg., Ste. 170  
1101 Camden Ave.  
Salisbury, MD 21801  
410-548-4419 or 800-999-7232  
www.salisbury.edu/sbdc  
Areas served: the counties of Kent, Queen Anne's, Caroline, Talbot, Dorchester, Somerset, Wicomico and Worcester.

**Northern Region SBDC**

c/o Harford Community College  
401 Thomas Run Rd.  
Bel Air, MD 21015-1698  
866-836-6288 or 410-836-4237  
www.harford.edu/sbdc  
Areas served: the counties of Harford, Carroll and Cecil.

**Southern Maryland SBDC**

8730 Mitchell Rd./P.O. Box 910  
LaPlata, MD 20646-0910  
301-934-7583  
www.sbdchelp.com  
Areas served: the counties of St. Mary's, Calvert and Charles.

**Western Maryland SBDC**

One Technology Dr., Ste. A  
Frostburg, MD 21532  
888-237-9007  
www.westernmdsbdc.com  
Areas served: the counties of Garrett, Allegany, Washington and Frederick.

**U.S. Export Assistance Centers**

SBA trade finance specialists are located in 19 U.S. Export Assistance Centers throughout the U.S., which also are staffed by U.S. Department of Commerce and, in some locations, Export-Import Bank of the U.S. personnel, providing trade promotion and export-finance assistance in a single location. The USEACs also work closely with other federal, state and local international trade organizations to provide assistance to small businesses. To find your nearest USEAC, visit: <http://www.sba.gov/content/us-export-assistance-centers>. You can find additional export training and counseling opportunities by contacting your local SBA district office.



## WOMEN'S BUSINESS CENTERS

The SBA's Women Business Center (WBC) program is a network of over 100 community-based centers that provide business training, counseling, coaching, mentoring and other assistance geared toward women, particularly those who are socially and economically disadvantaged. WBCs are located in nearly every state and U.S. territory including the District of Columbia and the territories of Puerto Rico and American Samoa. They are partially funded through a cooperative agreement with the SBA.

To meet the needs of women entrepreneurs, WBCs offer services at convenient times and locations, including evenings and weekends. WBCs are located within non-profit host organizations that offer a wide variety of services in addition to the services provided by the WBC. Many of the WBCs also offer training and counseling and provide materials in different languages in order to meet the diverse needs of the communities they serve.

WBCs often deliver their services

through long-term training or group counseling, both of which have shown to be effective. WBC training courses are often free or are offered for a small fee. Some centers will also offer scholarships based on the client's needs.

While most WBCs are physically located in one designated location, a number of WBCs also provide courses and counseling via the Internet, mobile classrooms and satellite locations. WBCs have a track record of success. In fiscal year 2013, the WBC program counseled and trained nearly 134,000 clients, creating local economic growth and vitality. In addition, WBCs helped entrepreneurs access more than \$25 million dollars in capital. Based on a 2010 Impact Study, of the WBC clients that have received three or more hours of counseling, 15 percent indicated that the services led to hiring new staff, 34 percent indicated that the services led to an increased profit margin, and 47 percent indicated that the services led to an increase in sales.

In addition, the WBC program has taken a lead in preparing women business owners to apply for the

Women-Owned Small Business (WOSB) Federal Contract program that authorizes contracting officers to set aside certain federal contracts for eligible women-owned small businesses or economically disadvantaged women-owned small businesses. For more information on the program, visit [www.sba.gov/wosb](http://www.sba.gov/wosb).

To find the nearest SBA WBC, visit [www.sba.gov/women](http://www.sba.gov/women). Maryland Capital Enterprises (MCE) offers Women's Business Centers in Baltimore and Salisbury. Contact MCE directly for more information on programs and services at either location in Salisbury or Baltimore. **MCE (Maryland Capital Enterprises, Inc.)**  
P.O. Box 1844  
Salisbury, MD 21802  
410-546-1900 • 410-546-9718 Fax  
[info@marylandcapital.org](mailto:info@marylandcapital.org)  
[www.marylandcapital.org](http://www.marylandcapital.org)

## SBA EMERGING LEADERS

The intense seven-month entrepreneurship training for small business leaders creates a learning environment to accelerate the growth of high-potential small businesses,

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More businesses than ever are reaching their goals with SBA loans from Wells Fargo. We can provide the financing you need to:

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stimulates job creation and helps drive economic development within their communities. A competitive selection process results in company executives participating in high-level training and peer-networking sessions led by professional instructors. Graduates are poised to create an economic ripple effect because they are now equipped with the support, resources and enhanced business skills to succeed in increasing their revenue, creating jobs and driving sustainable economic growth throughout their communities.

#### **Impact of Emerging Leaders:**

The initiative is currently offered in 27 underserved communities across the country with plans to expand to more communities in 2015. Over 2,500 businesses have participated in Emerging Leaders since its inception. An independent impact study of

Emerging Leaders past participants reported that they:

- Created nearly 2,000 new full-time jobs
- Secured federal, state, local and tribal contracts awards over \$1 Billion
- Accessed over \$73 Million in new financing
- 95% were satisfied with the Emerging Leaders program.

Visit [www.sba.gov/emergingleaders](http://www.sba.gov/emergingleaders) for more information.

## **SBA'S LEARNING CENTER**

SBA's Learning Center is a virtual campus complete with free online courses, workshops, podcasts and learning tools.

#### **Key Features of the SBA's Learning Center:**

- Training is available anytime and anywhere — all you need is a computer (or mobile device) with Internet access.
- Nearly 50 free online and interactive courses and workshops available.
- Checklists and worksheets to get your business planning underway.
- Course topics include how to write a business plan, financing options that include SBA lending programs, mastering overseas markets through exporting, public sector procurement tactics, and specialty material for veterans, young entrepreneurs, and women business owners.
- Over 10 new courses launched in the last year; including a new Spanish-language version of a course for Young Entrepreneurs. This robust portal also includes video content, templates, and articles.

Visit [www.sba.gov/learning](http://www.sba.gov/learning) for these free resources.

## **SBA'S CLUSTER INITIATIVE**

Every small business must effectively connect into the key relationships necessary to drive success in its particular industry or market sector. Regional Innovation Clusters act as a networking hub to connect small businesses in a particular industry sector and geographic region with other business innovators in the same sector and with specialized suppliers, research institutions, large prime customers

or contractors and investors who also operate in that sector. In addition, market success requires small businesses to know their customers and target their product development dollars efficiently. Therefore, through intensive, industry-specific technical assistance, our Clusters help small business innovators commercialize promising technologies needed by government and industry buyers in that particular sector. And then, through showcasing, networking and "demonstration events," they help get these small businesses and their products in front of investment and other funding sources, research institutions and customers/buyers in order to bring products to market.

Across the country, our resource partners work with our Regional Innovation Clusters: The resource partners provide the businesses with information and coaching on the key building blocks of business success, while the Cluster experts help them with the highly technical product development and relationship-building assistance necessary to get and keep customers and investors in their particular market sector (such as smart-grid, fuel cell energy storage, solar cells, imaging, aerospace, and agricultural processing technologies and networks).

For more information on SBA's Cluster Initiative, go to [www.sba.gov/clusters](http://www.sba.gov/clusters).

## **FINANCIAL LITERACY**

If you want to start a business or learn how to better manage your business money, begin with Money Smart. SBA and FDIC jointly provide an instructor-led business training curriculum, Money Smart for Small Business, for free. This curriculum is designed to provide introductory-style training for new and aspiring entrepreneurs. The 10 modules provide the most essential information on running a small business from a financial standpoint. In addition to grounding participants in the basics, the curriculum serves as a foundation for more advanced training and technical assistance. You can find this curriculum by visiting [www.sba.gov/moneysmart](http://www.sba.gov/moneysmart).

To learn more about the Financial Literacy and Education Commission, visit [www.mymoney.gov](http://www.mymoney.gov).

### **SUCCESS STORY**

## **Chesapeake Environmental Management, Inc.**

continued from page 9

CEM and took her clients with him, bills didn't get paid on time and the economy worsened. Through it all, she learned that she could rise to any challenge, find creative ways to attract new customers and to never give up your dream. It's well worth it.

The company has grown from a two person operation to now employ 55 with annual revenues in excess of \$4 million dollars. Over the years, Stephanie sought assistance from the Maryland Small Business & Technology Development Center (SBTDC). She also received four loans from the US Small Business Administration (SBA) to help with everything from equipment purchases and lines of credit to most recently, the renovation of a historic building in downtown Bel Air, which now serves as the company's 12,000 square foot headquarters. A far cry from the 600 square foot office she started in.

Stephanie has worked hard for her success and is passionate about sharing her good fortune. In addition to her own contributions, CEM has a Matching Gift Program, matching the donations made by her staff up to \$5,000 per employee annually. In 2013 alone, CEM donated more than \$85,000 to local charities, including the United Way, Habitat for Humanity and various children's and health-related charities.

# REACHING UNDERSERVED COMMUNITIES

The SBA also offers a number of programs specifically designed to meet the needs of the underserved communities..

## WOMEN BUSINESS OWNERS

Women entrepreneurs are changing the face of America's economy. In the 1970s, women owned less than 5 percent of the nation's businesses.

Today, they are majority owners of about a third of the nation's small businesses and are at least equal owners of about half of all small businesses. SBA serves women entrepreneurs nationwide through its various programs and services, some of which are designed especially for women.

The SBA's Office of Women's Business Ownership (OWBO) serves as an advocate for women-owned businesses. The office oversees a nationwide network over 100 Women's Business Centers that provide business training, counseling and mentoring geared specifically to women, especially those who are socially and economically disadvantaged. The program is a public-private partnership with locally-based nonprofits.

Women's Business Centers serve a wide variety of geographic areas, population densities, and economic environments, including urban, suburban, and rural. Local economies vary from depressed to thriving, and range from metropolitan areas to entire states. Each Women's Business Center tailors its services to the needs of its individual community, but all offer a variety of innovative programs, often including courses in different languages. They provide training in finance, management, and marketing, as well as access to all of the SBA's financial and procurement assistance programs.

### Maryland Capital Enterprises

410-546-1900

[www.marylandcapital.org](http://www.marylandcapital.org)

## VETERAN BUSINESS OWNERS

The Office of Veterans Business Development (OVBD), established with Public Law 106-50, has taken strides in expanding assistance to veteran, service-disabled veteran small business owners and reservists by ensuring they have access to SBA's full-range of business/technical assistance programs and services, and that they receive special consideration for SBA's entrepreneurial programs and resources.

The SBA's Veterans Office provides funding and collaborative assistance for a number of special initiatives targeting local veterans, service-disabled veterans, and Reserve Component members. These initiatives include Veterans Business Outreach Centers (VBOCs), the business assistance tools –Balancing Business and Deployment, and Getting Veterans Back to Business, which includes interactive CD ROMs for reservists to help prepare for mobilization and/or reestablishment of businesses upon return from active duty.

The agency offers special assistance for small businesses owned by activated Reserve and National Guard members. Any self-employed Reserve or Guard member with an existing SBA loan can request from their SBA lender or SBA district office loan payment deferrals, interest rate reductions and other relief after they receive their activation orders. In addition, the SBA offers special low-interest-rate financing to small businesses when an

owner or essential employee is called to active duty. The Military Reservist Economic Injury Disaster Loan Program (MREIDL) provides loans up to \$2 million to eligible small businesses to cover operating costs that cannot be met due to the loss of an essential employee called to active duty in the Reserves or National Guard.

Each of the SBA's 68 District Offices also has a designated veteran's business development officer. These local points-of-contact assist veteran small business owners/entrepreneurs with starting, managing and growing successful businesses. Yearly, OVBD reaches thousands of veterans, Reserve component members, transitioning service members and others who are – or who want to become – entrepreneurs and small business owners. In fiscal year 2012, the number of veterans assisted through OVBD programs exceeded 135,000. For more information about OVBD, please visit [www.sba.gov/veterans](http://www.sba.gov/veterans).



## We support small businesses with big ambitions

Carrie Lieberman, Small Business Compliance Manager  
[carrielieberman@grunley.com](mailto:carrielieberman@grunley.com) | [www.grunley.com](http://www.grunley.com) | [in](#) [f](#)



# REACHING UNDERSERVED COMMUNITIES

## NATIONAL BOOTS TO BUSINESS INITIATIVE

The aptly named Operation Boots to Business program (B2B) builds on SBA's role as a national leader in entrepreneurship training. The program's mission is to develop veteran entrepreneurs from the approximately 250,000 service members who transition from the military each year. Boots to Business is an entrepreneurial education program offered as an elective track within the Department of Defense's revised Transition Assistance Program called Transition Goals, Plans, Success (Transition GPS). The curriculum provides valuable assistance to transitioning service members exploring self-employment opportunities by leading them through the key steps for evaluating business concepts and the foundational knowledge required for developing a business plan. Participants are also introduced to SBA resources available to help access start up capital and additional technical assistance. Boots to Business is delivered in partnership with SBA resource partners and the Institute for Veterans and Military Families at Syracuse University. It is available free of charge at participating installations to service members and their dependents transitioning or retiring from the U.S. military.

The program has three parts: 1) The Entrepreneurship Track Overview - an introductory video shown during the mandatory five day Transition GPS course; 2) Introduction to Entrepreneurship - a two day classroom course offered as one of the three Transition GPS elective tracks; and, 3) Foundations of Entrepreneurship - an eight week instructor led online course that offers in-depth instruction on the elements of a business plan and tips and techniques for starting a business. After completing the course, counselors and mentors from SBA's resource partner network remain available to work with veterans in their local communities. For more information about B2B, please visit [www.sba.gov/bootstobusiness](http://www.sba.gov/bootstobusiness).

## CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS

SBA's Center for Faith-Based and Neighborhood Partnerships (The Partnership Center) works to engage and build strong partnerships with community and nonprofit organizations, both secular and faith-based, to support

entrepreneurship, economic growth and promote prosperity for all Americans. The center works in coordination with other offices within the Agency to assist in formulating policies and practices with the goal of extending the reach and impact of SBA programs into communities. SBA recognizes the important role of community leaders and networks in economic development at the local and national level, and that partnerships provide effective and efficient leverage for SBA programs. Further, the center plays a key role in helping identify, engage and impact underserved communities.

The program engages in outreach, technical assistance, education, formulates and administers training programs, coordinates entrepreneurial and business development opportunities and access to SBA's 68 district offices and extensive network of resource grant partners. The center additionally works with the White House Office of Faith-Based and Neighborhood Partnerships and the Faith-Based and Neighborhood Partnership Centers that are within 13 additional federal agencies, and participates in interagency working groups to ensure effective and efficient coordination of resources and initiatives.

The center was established by, and follows the guidelines, operational policy and statutory requirements of Executive Order 13279 — Fundamental Principles and Policymaking Criteria for Partnerships with Faith-Based and Other Neighborhood Organizations.

## NATIVE AMERICAN BUSINESS DEVELOPMENT

The SBA Office of Native American Affairs (ONAA) ensures that American Indians, Alaska Natives and Native Hawaiians seeking to create, develop and expand small businesses have full access to business development and expansion tools available through the agency's entrepreneurial development, lending, and contracting programs.

The office provides a network of training initiatives that include a Native Entrepreneurial Empowerment Workshop, a Native American 8(a) Business Development Workshop, a Money Smart Workshop, an Incubator Workshop and the online tool, "Small Business Primer: Strategies for Growth". ONAA also is responsible for consulting with tribal governments prior to finalizing SBA policies that may have tribal implications.

Visit [www.sba.gov/naa](http://www.sba.gov/naa) for more information.

## VETERANS BUSINESS OUTREACH CENTERS

The Veterans Business Outreach Program (VBOP) is designed to provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has 15 organizations participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC) across the country. Services provided by VBOC's include: pre-business plan workshops, concept assessments, business plan preparations, comprehensive feasibility analysis, entrepreneurial training and counseling, mentorship, and other business-development related services.

VBOCs also provide assistance and training in such areas as international trade, franchising, Internet marketing, accounting, etc. For a VBOC directory, please visit [www.sba.gov/vets](http://www.sba.gov/vets).

**SBA also administers two contracting and business development programs that are specifically designed to benefit underserved communities. For more information on the 8(a) Business Development Program and the HUBZone Program, see the Contracting section.**

## Young Entrepreneurs

The SBA recognizes the importance of fostering young entrepreneurs and small business owners and their role in the economy. The SBA offers different activities and resources throughout the year aimed at aspiring young entrepreneurs, including social media outreach and customized online courses. The SBA also works with other federal agencies to provide various activities for this market ([www.findyouthinfo.gov](http://www.findyouthinfo.gov)). To find more information, visit [www.sba.gov/young](http://www.sba.gov/young).

## Encore Entrepreneurs

To help meet the needs of "encore entrepreneurs," SBA and AARP have joined forces to mentor, counsel, and educate Americans age 50 and over on how to start or grow a small business. Through this partnership, SBA and AARP collaborate to connect the 50+ population to small business development resources, including online courses, live workshops, conferences, and mentoring activities. For additional information, visit [www.sba.gov/encore](http://www.sba.gov/encore).

Most new business owners who succeed have planned for every phase of their success. Thomas Edison, the great American inventor, once said, "Genius is 1 percent inspiration and 99 percent perspiration." That same philosophy also applies to starting a business.

First, you'll need to generate a little bit of perspiration deciding whether you're the right type of person to start your own business.

### IS ENTREPRENEURSHIP FOR YOU?

There is simply no way to eliminate all the risks associated with starting a small business, but you can improve your chances of success with good planning, preparation and insight. Start by evaluating your strengths and weaknesses as a potential owner and manager of a small business. Carefully consider each of the following questions:

- **Are you a self-starter?** It will be entirely up to you to develop projects, organize your time, and follow through on details.
- **How well do you get along with different personalities?** Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, employees and professionals such as lawyers, accountants, or consultants. Can you deal with a demanding client, an unreliable vendor, or a cranky receptionist if your business interests demand it?
- **How good are you at making decisions?** Small business owners are required to make decisions constantly – often quickly, independently, and under pressure.
- **Do you have the physical and emotional stamina to run a business?** Business ownership can be exciting, but it's also a lot of work. Can you face six or seven 12-hour workdays every week?
- **How well do you plan and organize?** Research indicates that poor planning is responsible for most business failures. Good organization — of financials, inventory, schedules, and production — can help you avoid many pitfalls.
- **Is your drive strong enough?** Running a business can wear you down emotionally. Some business owners burn out quickly

from having to carry all the responsibility for the success of their business on their own shoulders. Strong motivation will help you survive slowdowns and periods of burnout.

- **How will the business affect your family?** The first few years of business start-up can be hard on family life. It's important for family members to know what to expect and for you to be able to trust that they will support you during this time. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

Once you've answered these questions, you should consider what type of business you want to start. Businesses can include franchises, at-home businesses, online businesses, brick-and-mortar stores or any combination of those.

### FRANCHISING

There are more than 3,000 business franchises. The challenge is to decide on one that both interests you and is a good investment. Many franchising experts suggest that you comparison shop by looking at multiple franchise opportunities before deciding on the one that's right for you.

Some of the things you should look at when evaluating a franchise: historical profitability, effective financial management and other controls, a good image, integrity and commitment, and a successful industry.

In the simplest form of franchising, while you own the business, its operation is governed by the terms of the franchise agreement. For many, this is the chief benefit for franchising. You are able to capitalize on a business format, trade name, trademark and/or support system provided by the franchisor. But you operate as an independent contractor with the ability to make a profit or sustain a loss commensurate with your ownership.

If you are concerned about starting an independent business venture, then franchising may be an option for you. Remember that hard work, dedication and sacrifice are key elements in the success of any business venture, including a franchise.

Visit [www.sba.gov/franchise](http://www.sba.gov/franchise) for more information.

### HOME-BASED BUSINESSES

Going to work used to mean traveling from home to a plant, store or office. Today, many people do some or all their work at home.

#### Getting Started

Before diving headfirst into a home-based business, you must know why you are doing it. To succeed, your business must be based on something greater than a desire to be your own boss. You must plan and make improvements and adjustments along the road.

Working under the same roof where your family lives may not prove to be as easy as it seems. One suggestion is to set up a separate office in your home to create a professional environment.

#### Ask yourself these questions:

- Can I switch from home responsibilities to business work easily?
- Do I have the self-discipline to maintain schedules while at home?
- Can I deal with the isolation of working from home?

#### Legal Requirements

A home-based business is subject to many of the same laws and regulations affecting other businesses.

#### Some general areas include:

- **Zoning regulations.** If your business operates in violation of them, you could be fined or shut down.
- **Product restrictions.** Certain products cannot be produced in the home. Most states outlaw home production of fireworks, drugs, poisons, explosives, sanitary or medical products and toys. Some states also prohibit home-based businesses from making food, drink or clothing.

Be sure to consult an attorney and your local and state departments of labor and health to find out which laws and regulations will affect your business. Additionally, check on registration and accounting requirements needed to open your home-based business. You may need a work certificate or license from the state. Your business name may need to be registered with the state. A separate business telephone and bank account are good business practices.

Also remember, if you have employees you are responsible for withholding income and Social Security taxes, and for complying with minimum wage and employee health and safety laws.



After you've thought about what type of business you want, the next step is to develop a business plan. Think of the business plan as a roadmap with milestones for the business. It begins as a pre-assessment tool to determine profitability and market share, and then expands as an in-business assessment tool to determine success, obtain financing and determine repayment ability, among other factors.

Creating a comprehensive business plan can be a long process, and you need good advice. The SBA and its resource partners, including Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, and SCORE, have the expertise to help you craft a winning business plan. The SBA also offers online templates to get you started.

**In general, a good business plan contains:**

## Introduction

- Give a detailed description of the business and its goals.
- Discuss ownership of the business and its legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over competitors.



## Marketing

- Discuss the products and services your company will offer.
- Identify customer demand for your products and services.
- Identify your market, its size and locations.
- Explain how your products and services will be advertised and marketed.
- Explain your pricing strategy.

## Financial Management

- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.

- Discuss your break-even point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements addressing alternative approaches to potential problems.

## Operations

- Explain how the business will be managed day-to-day.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements.
- Account for the equipment necessary to produce your goods or services.
- Account for production and delivery of products and services.

## Concluding Statement

Summarize your business goals and objectives and express your commitment to the success of your business. Once you have completed your business plan, review it with a friend or business associate and professional business counselor like SCORE, WBC or SBDC representatives, SBA district office economic development specialists or veterans' business development specialists.

Remember, the business plan is a flexible document that should change as your business grows.





## WANT TO TAKE YOUR BUSINESS TO THE NEXT LEVEL?

SBA's Emerging Leaders program will help you get there! This 7-month intensive program is specifically designed for executives of businesses that are poised for growth. Want to hear what other Emerging Leaders graduates have to say about the program?

Go to [www.sba.gov/emergingleaders](http://www.sba.gov/emergingleaders).



*All SBA programs and services are extended to the public on a nondiscriminatory basis.*

### On the Cover: **Horn Jewelers — Creating Legacy**

Kyong Tremblay left Korea to start a new life in the United States with absolutely nothing but pure will to succeed. She started a family, and her first priority was providing for her two kids and making sure they received a high-quality education. In order to support that goal, Kyong found a job working as a sales associate in a local jewelry store in Boston, learning the trade and developing a passion for helping her clients. When the owner retired three years later, Kyong saw an opportunity to go out on her own.

Located in the heart of Downtown Crossing, Boston's historic Diamond District, where over a hundred independent jewelry retailers compete within a square mile, Horn Jewelers has been able to grow and succeed due to their reputation for trustworthiness, their customer service-centered business model, and the support of several of SBA's participating lenders.

Since 2003, SBA's capital access programs have served as the foundation on which Kyong and her family leveraged all of their hard work. This was certainly true recently when Horn Jewelers applied for and received an SBA Express working capital loan. Because SBA has zeroed out fees on loans of \$150,000 or less from 2014 through the end of fiscal year 2015, the company saved a great deal of money, enabling the business to grow to the next level.

The fruit of an immigrant's dream for a better life for herself and her family, Horn Jewelers is now managed



by Kyong's daughter, Stephanie Horn. Stephanie is a GIA Certified Diamond Specialist and Gemologist, who is currently transforming and modernizing Horn Jewelers into a full-service jewelry company with eight specialty departments, including: a loose diamond stock room, showroom, creative design team, goldsmiths, and engraving specialists – all onsite to deliver a one-stop shopping experience. Stephanie is intent on turning Horn Jewelers from a small family business into a local business empire, cementing her mother's dream for a legacy in the jewelry business...and she knows the SBA and its participating lenders will be there to help her mother's dream come true.



# CAPITAL

## Financing Options to Start or Grow Your Business



**M**any entrepreneurs need financial resources to start or expand a small business and must combine what they have with other sources of financing. These sources can include family and friends, venture-capital financing and business loans.

This section of the Small Business Resource guide discusses SBA's primary business loan and equity financing programs. These are: the 7(a) Loan Program, the Certified Development Company or 504 Loan Program, the Microloan Program and the Small Business Investment Company Program. The distinguishing features for these programs are the total dollar amounts that can be borrowed, the type of lenders who can provide these loans, the uses for the loan proceeds and the terms placed on the borrower. The SBA does not provide grants to individual business owners to start or grow a business.

### SBA BUSINESS LOANS

If you are contemplating a business loan, familiarize yourself with the SBA's business loan programs to see if they may be a viable option. The SBA has a variety of loan programs which are distinguished by their different uses of the loan proceeds, their dollar amounts, and the requirements placed on the

actual lenders. The three principal players in most of these programs are the applicant small business, the lender and the SBA. The Agency does not actually provide the loan, but rather they guaranty a portion of the loan provided by a lender (except for microloans). The lender can be a regulated bank or credit union, or a community based lending organization.

The business applies directly to a lender by providing them the documents they require. Generally an application includes a business plan that explains what resources will be needed to accomplish the desired business purpose including the associated costs, the applicants' contribution, planned uses for the loan proceeds, a listing of the assets that will secure the loan (collateral), a history of the business and explanation of how the business generates income, and most important, an explanation of how the business will be able to repay the loan in a timely manner.

The lender will analyze the application to see if it meets their criteria and make a determination if they will need an SBA guaranty in order to provide the loan. SBA will look to the lender to do much, if not all, of the analysis before it provides its guaranty to the lender's proposed loan. The SBA's business loan guaranty programs provide a key source of financing for viable small businesses

that have real potential but cannot qualify for credit on reasonable terms by themselves.

In the case of microlenders, SBA lends monies to intermediaries at favorable rates so they can re-lend to businesses with financing needs up to \$50,000.

### 7(a) LOAN PROGRAM

The 7(a) Loan program is the SBA's primary business loan program. It is the agency's most frequently used non-disaster financial assistance program because of its flexibility in loan structure, variety of uses for the loan proceeds and availability. The program has broad eligibility requirements and credit criteria to accommodate a wide range of financing needs.

Congress authorized SBA to provide financial assistance either directly or in cooperation with banks or other financial institutions through agreements to participate in section 7(a) of the Small Business Act. Historically, a 7(a) loan was provided either directly from SBA or from regulated lenders who provided the loan after they obtained a guaranty from SBA. Since 1996, all 7(a) loans have only been provided on a guaranteed basis, meaning from a lender participating in the 7(a) Loan Guaranty Program.

The business loans that SBA guarantees do not come from the Agency, but rather from banks and other approved lenders. The loans are funded by these organizations and they make the decisions to approve or deny the applicants' request for financial assistance.

The guaranty that SBA provides the lender reduces the lender's risk of borrower non-payment because the guaranty assures the lender that if the borrower defaults, the lender can request that SBA pay the debt rather than the borrower. SBA only guarantees a portion or percentage of every loan not the whole debt, so in the event of default the lender will only get partially repaid by SBA. This means that if the borrower can't make the payments and defaults, the lender can recover the guaranteed portion of the defaulted debt from the SBA. The borrower is still obligated for the full amount.



To qualify for an SBA guaranteed loan, a small business must meet the lender's criteria and the 7(a) program requirements. One of those requirements is that the lender must certify that it would not provide this loan under the proposed terms and conditions without an SBA guaranty. If the SBA is going to provide a lender with a guaranty, the applicant must be eligible and creditworthy and the loan structured under conditions acceptable to the SBA.

The 7(a) Program includes ten (10) types of loans which all share certain eligibility requirements but which also have some different requirements so they can accommodate specific business needs and/or give lenders greater flexibility with loan structure. The most popular 7(a) loan type is the Basic 7(a) Loan, which can be used for the most diverse purposes. The other nine 7(a) loan types are variations of the Basic 7(a) Loan with different uses for the loan proceeds and alternative structures.

To be eligible for any of the 7(a) loans, the recipients must be both eligible and creditworthy. In addition the applicant business must:

1. Be an operating business (except for loans to Eligible Passive Companies);
2. Be organized for profit;
3. Be located in the United States;
4. Be able to demonstrate a need for the desired credit.
5. Be a business, along with its Affiliates, that meets SBA's Size Standard Requirements.
6. Be a business that is not engaged in a prohibited business activity or owned by a non-qualified owner, or located at a prohibited place.
7. Use the Loan Proceeds for only acceptable purposes, which includes proceeds to start-up a new business, buy an existing business, acquire machinery & equipment and/or furniture & fixtures, acquire or renovate a building which the business will occupy, permanent working capital, and refinancing existing business debt under certain conditions. Proceeds from a Basic 7(a) cannot be used to buy investments that are held for their potential appreciation, or to be provided to an associate of the business except under very limited circumstances.
8. Be able to demonstrate that it can't get the proceeds from its own resources or those of its principal owners and the lender must certify

that they would only approve the loan if it is able to obtain a guaranty from SBA.

9. Have ownership that is of Good Character
10. Be able to satisfy any Miscellaneous Eligibility Requirements that may be imposed on a loan request based on the circumstances of the case including, but not limited to the purpose of the loan.

## THE BASIC 7(a) LOAN

The Basic 7(a) Loan is the most commonly provided type of SBA business loan based on historical dollars approved. They are the most flexible types of SBA loans because they can help finance such a large variety of business purposes for the largest number of business types, engaged in the widest spectrum of activities.

In the Federal Government's 2013 Fiscal Year (October 1, 2012 to September 30, 2013) about 80 percent of the dollars and 38 percent of the number of all 7(a) loans guaranteed



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Let's talk business.





## What to Take to the Lender

Documentation requirements will vary depending upon the purpose of the loan. Contact your lender for the information you must supply.

### Common requirements include the following:

A Business Plan that includes:

- Purpose of the loan
- History of the business
- Projections of income, expenses and cash flow as well as an explanation of the assumptions used to develop these projections
- Personal financial statements on the principal owners
- Resume(s) of the principal owners and managers.
- Amount of investment in the business by the owner(s)
- Projected opening-day balance sheet (new businesses)
- Lease details
- Proposed Collateral

Financial Statements that include:

- Balance Sheet and Income Statement (P&L) for three years (existing businesses) (Tax Returns usually suffice)
- Interim Financial Statements dated within 180 days of the request for assistance
- Schedule of term debts (existing businesses)
- Aging of accounts receivable and payable (existing businesses)

### How the 7(a) Program Works

Small Business applicant assembles their request for financing based on the intended purpose of the proposed loan and what documents the lender requires. A loan to help a moving company acquire a new truck will be less involved than a loan to acquire or start-up a business. The paperwork can be completed on either a business loan application provided by the lender or an SBA application, but using the SBA forms does not actually increase the change an applicant has in getting a business loan. The applicant then submits their loan application to a lender for the initial review. If the applicant is applying for their first business loan, it is recommended that the selected lender be the one who maintains the personal account of the owner(s).

The lender will generally review the credit merits of the request before deciding if they will make the loan themselves or if they will need an SBA guaranty. If a guaranty is needed, the lender will also review the application

for SBA eligibility. The applicant should be prepared to complete some additional documents if the lender says they need an SBA guaranty for approval. Applicants who feel they need more help with the process should contact their local SBA district office or one of the SBA's resource partners for assistance.

There are several ways a lender can request a 7(a) Guaranty for a proposed business loan from SBA. The main differences between these processing methods are based on the experience the lender has in requesting guarantees from SBA, the documentation the lender provides to SBA, the amount of review the SBA conducts after receiving the request, the amount of the loan and the lender responsibilities in case the loan defaults and the business' assets must be liquidated. The current different processing methods are:

- Standard 7(a) Guaranty
- Certified Lender Program
- Preferred Lender Program
- SBA Express
- Export Express
- Community Advantage

When a lender requests a 7(a) guaranty for a business loan they propose to provide a small business their application consist of two parts. The applicant fills out SBA Form 1919 while the lender completes SBA Form 1920. The Form 1919 is designed for the applicant to explain what they intend to do with the money and how they will repay the loan. The Form 1920 requires the lender to explain their analysis of the eligibility and credit merits of the request.

When the request loan amount is smaller (generally under \$350,000) the lender is allowed to provide SBA with less information in their application for guaranty but that does not mean the applicant business can provide the lender with less information. The lender has the ability to ask the applicant for as much detail as they believe is necessary for them to make their decision on the specific request.

When the SBA receives a request for guaranty from a lender they will either re-analyze, review or trust the lender's eligibility and credit analysis before deciding to approve or reject the request. See the section on 7(a) Loan Processing from Lenders later on in this article for more detail on what SBA does when it receives a request for guaranty from the lender.

By guaranteeing a loan, the SBA assures the lender that, in the event the borrower does not repay the loan, the government will reimburse the lending institution for a percentage of the amount owed. By providing this guaranty, the SBA is able to help tens of thousands of small businesses every year get financing they might not otherwise obtain.

When SBA approves a guaranty they notify the lender who will work with the applicant to make sure the terms and conditions designed for the specific loan are met before closing. The lender also disburses the funds and assumes responsibility for collecting the payments and general servicing. The borrower makes loan payments directly to the lender. As with any loan, the borrower is obligated to repay the full amount of the loan in a timely manner.

### What the SBA Looks for:

- Ability to repay the loan on time from the projected operating cash flow;
- Owners and operators who are of good character;
- Feasible business plan;
- Management expertise and commitment necessary for success;
- Sufficient funds, including (but not limited to) the SBA guaranteed loan, to operate the business on a sound financial basis (for new businesses, this includes the resources to meet start-up expenses and the initial operating phase);
- Adequate equity invested in the business; and
- Enough collateral to fully secure the loan or, all worthwhile available business collateral plus personal real estate if the loan cannot be fully secured.

### The Impact of a Credit Score

SBA also credit scores every business that is a potential recipient of a loan guaranteed by SBA. If the loan is for \$350,000 or less, the credit score obtained will have a significant impact on the amount of work the lender has to complete when applying for an SBA guaranty. As such it is important for any owner of a potential business loan to be aware of their credit score and correct any discrepancies prior to approaching their lender.

by SBA were Basic 7(a) Loans. The reciprocal percentages were divided between the nine other 7(a) Programs.

The Basic 7(a) Loan is a term loan usually repaid with one monthly payment of principal and interest. Interest only repayment periods are permitted when needed, such as for a start-up business that doesn't achieve breakeven in its initial months of operation. Other repayment structures are also permitted depending upon the borrower's needs and the flexibility of the lender.

A Basic 7(a) Loan does not revolve so the sum of the disbursements is the loan amount. SBA can guaranty revolving lines of credit, but that is accomplished through some of the nine variations to the Basic 7(a) Loan.

The following aspects of the Basic 7(a) Loan are also applicable to all other 7(a) Loan unless specifically referenced as not applying to a specific Special 7(a) Loan.

### Percentage of Guarantees and Loan Maximums

SBA only guarantees a portion of any particular 7(a) loan so each loan will have an SBA share and an unguaranteed portion which gives the lender a certain amount of exposure and risk on each loan. The percentage of guaranty depends on either the dollar amount or the program the lender uses to obtain its guaranty. For loans of \$150,000 or less the SBA generally guarantees as much as 85 percent and for loans over \$150,000 the SBA generally provides a guaranty of up to 75 percent.

The maximum dollar amount of a single 7(a) loan is \$5 million and there is no minimum. The maximum dollar amount of the SBA share which can be provided to any one business (including affiliates) is \$3,750,000.

### Interest Rates

The actual interest rate for a 7(a) loan guaranteed by the SBA is negotiated between the applicant and lender but is subject to the SBA maximums. Both fixed and variable interest rate structures are available. The maximum

rate comprises two parts, a base rate and an allowable spread. There are three acceptable base rates (Wall Street Journal Prime\*, London Interbank One Month Prime plus 3 percent, and an SBA Peg Rate). Lenders are allowed to add an additional spread to the base rate to arrive at the final rate. For loans with maturities of less than seven years, the maximum spread will be no more than 2.25 percent. For loans with maturities of seven years or more, the maximum spread will be 2.75 percent. The spread on loans under \$50,000 and loans processed through Express procedures have higher maximums.

Most 7(a) term loans are repaid with monthly payments of principal and interest. For fixed-rate loans the payments stay the same because the interest rate is constant. For variable rate loans the lender can change the payment amount when the interest rates change. Applicants can request that the lender establish the loan with interest-only payments during the start-up and expansion phases (when eligible) to allow the business time to generate income before it starts making full loan payments.

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**Archisha Mehan**

*Vice President, SBA Team Leader*

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## Guaranty and Other Fees

Loans guaranteed by the SBA are assessed a guaranty fee. This fee is based on the loan's maturity and the dollar amount guaranteed, not the total dollar amount of the loan. The guaranty fee is initially paid by the lender and then passed on to the borrower at closing. The funds the business needs to reimburse the lender can be included in the overall loan proceeds.

On any loan with a maturity of one year or less, the fee is just 0.25 percent of the guaranteed portion of the loan. On loans with maturities of more than one year, the normal guaranty fee is:

- 2.0 percent of the SBA guaranteed portion on loans up to \$150,000; \*\*
  - 3.0 percent on loans over \$150,000 but not more than \$700,000; and
  - 3.5 percent on loans over \$700,000.
- There is also an additional fee of 0.25 percent on any guaranteed portion over \$1 million.

*\* All references to the prime rate refer to the base rate in effect on the first business day of the month the loan application is received by the SBA.*

*\*\* For all SBA-guaranteed loans of \$150,000 or less that are approved between October 1, 2014 and September 30, 2015, the guaranty fee will be 0%.*

### Benefit For Veterans and/or Spouses:

Any guaranteed loans approved to businesses owned by Veterans of any era or their Spouses during fiscal year 2015 (October 1, 2014 through September 30, 2015) will receive the benefit of having its regular guaranty fee reduced by 50%, when the loan is over \$150,000.

The lender may not charge a prepayment penalty if the loan is paid off before maturity but the SBA will charge the borrower a prepayment fee if the loan has a maturity of 15 or more years and is pre-paid during the first three years.

## 7(a) Loan Maturities

The SBA's loan programs are generally intended to encourage longer term small-business financing, but actual loan maturities are based on the ability to repay, the purpose of the loan proceeds and the useful life of the assets financed. Maturity generally ranges from 7 to 10 years for working capital, business start-ups, and business acquisition type loans, and up to 25 years if the purpose is to acquire real estate or fixed assets with a long term useful life.

## Collateral

The SBA expects every 7(a) loan to be secured first with the assets acquired with the loan proceeds and then with additional business and personal assets, depending upon the loan amount and the way the lender requests their guaranty. However, SBA will not decline a request to guaranty a loan if the only unfavorable factor is insufficient collateral, provided all available collateral is offered. When the lender says they will need an SBA guaranty, the applicant should be prepared for liens to be placed against all business assets. Personal guaranties are required from all the principal owners of the business. Liens on personal assets of the principals may also be required. SBA does not require any collateral for any 7(a) guaranteed loan for \$25,000 or less but the lender can require collateral if they chose.

## Loan Structure

The structure of a Basic 7(a) Loan is that repayment has to be set up so the loan is paid in full by maturity. Over the term of the loan there can be additional payments or payment relaxation depending on what is happening with the business. Balloon payments and call provisions are not allowed on any 7(a) term loan.

## Eligibility

7(a) loan eligibility is based on a number of different factors, ranging from Size and Nature of Business to Use of Proceeds and factors that are case specific.

## Size Eligibility

The first eligibility factor is size, as all loan recipients must be classified as "small" by the SBA. The size standards for all 7(a) loans are outlined below. A more in-depth listing of standards can be found at: [www.sba.gov/size](http://www.sba.gov/size).

### SBA Size Standards have the following general ranges:

- Manufacturing — from 500 to 1,500 employees
- Wholesale Trades — Up to 100 employees
- Services — \$2 million to \$35.5 million in average annual receipts
- Retail Trades — \$7 million to \$35.5 million in average annual receipts
- Construction — \$7 million to \$33.5 million in average annual receipts
- Agriculture, Forestry, Fishing, and Hunting — \$750,000 to \$17.5 million in average annual receipts

There is an alternate size standard for businesses that do not qualify under their industry size standards for SBA funding. That Alternative is that the applicant business (plus affiliates can't have a tangible net worth exceeding \$15 million and average net income exceeding \$5 million for the last two years. This new alternate makes more businesses eligible for SBA loans and applies to SBA non-disaster loan programs, namely its 7(a) Business Loans and Certified Development Company programs.

## Nature of Business

The second eligibility factor is based on the nature of the business and the process by which it generates income or the customers it serves. The SBA has general prohibitions against providing financial assistance to businesses involved in such activities as lending, speculating, passive investment, pyramid sales, loan packaging, presenting live performances of a prurient nature, businesses involved in gambling and any illegal activity.

The SBA also cannot make loan guaranties to non-profit businesses, private clubs that limit membership on a basis other than capacity, businesses that promote a religion, businesses owned by individuals incarcerated or on probation or parole, municipalities, and situations where the business or its owners previously failed to repay a federal loan or federally assisted financing, or are delinquent on existing federal debt.

## Use of Proceeds

The third eligibility factor is Use of Proceeds. A Basic 7(a) Loan can provide proceeds to purchase machinery, equipment, fixtures, supplies, and to make improvements to land and/or buildings that will be occupied by the subject applicant business.

### Proceeds can also be used to:

- Permanent Working Capital;
- Purchase Inventory;
- Expand or renovate facilities;
- Acquire machinery, equipment, furniture, fixtures and leasehold improvements;
- Acquire a business;
- Start a business;
- Acquire Land and Build a Location for the applicant business; and
- Refinance existing debt under certain conditions.



### SBA 7(a) loan proceeds cannot be used:

- For the purpose of making investments.
- To provide funds to any of the owners of the business except for ordinary compensation for actual services provided.
- For Floor Plan Financing
- For a purpose that does not benefit the business

### Miscellaneous Factors

The fourth factor involves a variety of requirements such as SBA's credit elsewhere test where the personal resources of the owners need to be checked to see if they can make a contribution before getting a loan guaranteed by the SBA. It also includes the SBA's anti-discrimination rules and limitations on lending to agricultural enterprises because there are other agencies of the Federal government with programs to fund such businesses.

Generally, SBA loans must meet the following criteria:

- Every loan must be for a sound business purpose;
- There must be sufficient invested equity in the business so it can operate on a sound financial basis;
- There must be a potential for long-term success;
- The owners must be of good character and reputation; and
- All loans must be so sound as to reasonably assure repayment.

For more information, go to

[www.sba.gov/apply](http://www.sba.gov/apply).

## SPECIAL PURPOSE 7(a) LOAN PROGRAMS

The 7(a) loan program is the most flexible of the SBA's lending programs. Over time, the Agency has developed several variations of the Basic 7(a) Loan in order to address specific financing needs for particular types of small businesses or to give the lender greater flexibility with the loan's structure. The general distinguishing feature between these loan types is their use of proceeds. These programs allow the proceeds to be used in ways that are not otherwise permitted in a basic 7(a) loan. These special purpose programs are not necessarily for all businesses but may be very useful to some small businesses. They are generally governed by the same rules, regulations, fees, interest rates, etc., as the basic 7(a) loan. Lenders can advise you of any variations. The Special Purpose Loans include:

### International Trade Loan Program

The SBA's International Trade Loan (ITL) is designed to help small businesses enter and expand into international markets or, when adversely affected by import competition, to make the investments necessary to better compete. The ITL offers a combination of fixed asset, working capital financing and debt refinancing with the SBA's maximum guaranty--90 percent--on the total loan amount. The maximum loan amount is \$5 million.

### Guaranty Coverage

The SBA can guaranty up to 90 percent of an ITL up to a maximum of \$4.5 million, less the amount of the guaranteed portion of other SBA loans outstanding to the borrower. The maximum guaranty for any working capital component of an ITL is limited to \$4 million. Any other working capital SBA loans that the borrower has are counted against the \$4 million guaranty limit.

### Use of Proceeds

- For the facilities and equipment portion of the loan, proceeds may be used to acquire, construct, renovate, modernize, improve or expand facilities or equipment in the U.S. to produce goods or services involved in international trade, including expansion due to bringing production back from overseas if the borrower exports to at least one market.
- Working capital is an allowable use of proceeds under the ITL.
- Proceeds may be used for the refinancing of debt not structured on reasonable terms and conditions, including any debt that qualifies for refinancing under the standard SBA 7(a) Loan Program.

### Loan Term

- Maturities on the working capital portion of the ITL are typically limited to 10 years.
- Maturities of up to 10 years on equipment unless the useful life exceeds 10 years.
- Maturities of up to 25 years are available for real estate.

## Monument Bank Offers SBA Loans to Start, Manage, and Grow Your Business



Monument Bank offers a full array of SBA guaranteed loans to benefit your business, from 504 and 7(a) loans to SBA Express. To learn more, contact our SBA lending officer, **Kathlene Hand**, at **301.841.9536** or [khand@monumentbank.com](mailto:khand@monumentbank.com).

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- Loans with a mixed use of fixed-asset and working-capital financing will have a blended-average maturity.

### Exporter Eligibility

- Applicants must meet the same eligibility requirements as for the SBA's standard 7(a) Loan Program.
- Applicants must also establish that the loan will allow the business to expand or develop an export market or demonstrate that the business has been adversely affected by import competition and that the ITL will allow the business to improve its competitive position.

### Foreign Buyer Eligibility

Foreign buyers must be located in those countries where the Export-Import Bank of the U.S. is not prohibited from providing financial assistance.

### Collateral Requirements

- Only collateral located in the U.S. (including its territories and possessions) is acceptable.
  - First lien on property or equipment financed by the ITL or on other assets of the business is required. However, an ITL can be secured by a second lien position if the SBA determines there is adequate assurance of loan repayment.
  - Additional collateral, including personal guaranties and those assets not financed with ITL proceeds, may be appropriate.
- A small business wanting to qualify as adversely impacted from import competition must submit supporting documentation that explains the impact, and a plan with projections that explains how the loan will improve the business' competitive position.

### Export Working Capital Program

The SBA's Export Working Capital Program (EWCP) assists businesses exporters in meeting their short-term export working capital needs. Exporters can use the proceeds to make the products they will be exporting. They can also apply for such lines of credit prior to finalizing an export sale or contract. With an approved EWCP loan in place, exporters have greater flexibility in negotiating export payment terms—secure in the assurance that adequate financing will be in place when the export order is won.

### Benefits of the EWCP

- Financing for suppliers, inventory or production of export goods.
- Export working capital during long payment cycles.
- Financing for stand-by letters of credit used as bid or performance bonds or advance payment guarantees.
- Reserves domestic working capital for the company's sales within the U.S.
- Permits increased global competitiveness by allowing the exporter to extend more liberal sales terms.
- Increases sales prospects in under-developed markets which may have high capital costs for importers.
- Low fees and quick processing times.

### Guaranty Coverage

- Maximum loan amount is \$5,000,000.
- 90 percent of principal and accrued interest up to 120 days.
- Low guaranty fee of one-quarter of one percent of the guaranteed portion for loans with maturities of 12 months or less.
- Loan maturities are generally for 12 months or less, but can be up to a maximum of 36 months.

### Use of Proceeds

- To pay for the manufacturing costs of goods for export.
- To purchase goods or services for export.
- To support standby letters of credit to act as bid or performance bonds.
- To finance foreign accounts receivable.

### Interest Rates

The SBA does not establish or subsidize interest rates on loans. The interest rate can be fixed or variable and is negotiated between the borrower and the participating lender.

### Advance Rates

- Up to 90 percent on purchase orders.
- Up to 90 percent on documentary letters of credit.
- Up to 90 percent on foreign accounts receivable.
- Up to 75 percent on eligible foreign inventory located within the U.S.
- In all cases, not to exceed the exporter's costs.

### Collateral Requirements

The export-related inventory and the receivables generated by the export sales financed with EWCP funds generally will be considered adequate collateral. The SBA requires the personal guarantee of owners with 20 percent or more ownership.

### How to apply

Application is made directly to SBA-participating lenders. Businesses are encouraged to contact SBA staff at their local U.S. Export Assistance Center (USEAC) to discuss whether they are eligible for the EWCP and whether it is the appropriate tool to meet their export financing needs. Participating lenders review/approve the application and submit the guaranty request to SBA staff at the local USEAC.

### CAPLines

The CAPLines Program Is designed to help small businesses meet their short-term and cyclical working capital needs. The programs can be used to finance seasonal working capital needs; finance the direct costs of performing certain construction, service and supply contracts, subcontracts, or purchase orders; finance the direct cost associated with commercial and residential construction; or provide general working capital lines of credit. The maturity can be for up to 10 years except for the Builders Capline which is limited to 36 months after the first structure is completed. Guaranty percentages are the same as for a Basic 7(a) Loan. There are four distinct short term loan programs under the CAPLine umbrella:

- **The Contract Loan Program** is used to finance the cost associated with contracts, subcontracts, or purchase orders. Proceeds can be disbursed before the work begins. If used for one contract or subcontract, it is generally not revolving; if used for more than one contract or subcontract at a time, it can be revolving. The loan maturity is usually based on the length of the contract, but no more than 10 years. Contract payments are generally sent directly to the lender but alternative structures are available.
- **The Seasonal Line of Credit Program** is used to support buildup of inventory, accounts receivable or labor and materials above normal usage for seasonal inventory. The business must have been in business for a period of 12 months and must have a definite established seasonal pattern. The

loan may be used over again after a “clean-up” period of 30 days to finance activity for a new season. These loans also may have a maturity of up to five years. The business may not have another seasonal line of credit outstanding but may have other lines for non-seasonal working capital needs.

- **The Builders Line Program** provides financing for small contractors or developers to construct or rehabilitate residential or commercial property. Loan maturity is generally three years but can be extended up to five years, if necessary, to facilitate sale of the property. Proceeds are used solely for direct expenses of acquisition, immediate construction and/or significant rehabilitation of the residential or commercial structures. The purchase of the land can be included if it does not exceed 20 percent of the loan proceeds. Up to 5 percent of the proceeds can be used for physical improvements that benefit the property.
- **The Working Capital Line Program** is a revolving line of credit (up to \$5,000,000) that provides short term working capital. These lines are generally used by businesses that provide credit to their customers, or whose principle asset is inventory. Disbursements are generally based on the size of a borrower's accounts receivable and/or inventory. Repayment comes from the collection of accounts receivable or sale of inventory. The specific structure is negotiated with the lender. There may be extra servicing and monitoring of the collateral for which the lender can charge up to 2 percent annually to the borrower.

### Other Guaranty Lines of Credit

All the Special Purpose Programs listed above have SBA structured repayment terms meaning the Agency tells the lender how principal and interest is to be repaid. These programs also require the lender to use certain closing forms. Lenders with the ability to obtain 7(a) guarantees through any of the Express processes are considered experienced enough to be able to structure their own repayment terms and use their own closing documents. With this ability the lender can tailor a line of credit that it gets guaranteed by SBA to the needs of the business. Therefore, if a potential applicant sees that the previously listed Basic 7(a) or

Special Purpose 7(a) Programs don't meet their needs they should discuss their options with a lender capable of providing an SBA Express or Export Express loan with an SBA guaranty.

### SBAExpress

The SBAExpress Loan or Line of Credit is a flexible smaller loan up to \$350,000 that a designated lender can provide to its borrower using mostly their own forms, analysis and procedures to process, structure, service, and disburse this SBA-guaranteed loan. When structured as a term loan the proceeds and maturity are the same as a Basic 7(a) Loan. When structured as a revolving line of credit the requirements for the payment of interest and principal are at the discretion of the lender and maturity can't exceed 7 years.

### Export Express

SBA's Export Express loans offers flexibility and ease of use for both borrowers and lenders on loans up to \$500,000. It is the simplest export loan product offered by the SBA.

### Use of Proceeds

Loan proceeds may be used for business purposes that will enhance a company's export development. Export Express can take the form of a term loan or a revolving line of credit. As an example, proceeds can be used to fund participation in a foreign trade show, finance standby letters of credit, translate product literature for use in foreign markets, finance specific export orders, as well as to finance expansions, equipment purchases, and inventory or real estate acquisitions, etc.

### Ineligible Use of Proceeds

Proceeds may not be used to finance overseas operations other than those strictly associated with the marketing and/or distribution of products/services exported from the U.S.

### Interest Rates

Terms are negotiated between the borrower and lender but interest rates may not exceed Prime plus 4.5 percent on loans over \$50,000 and Prime plus 6.5 percent on loans of \$50,000 or less.

## Helping Small Businesses Grow and Prosper

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### SBA Lending: 7(a) and 504

Fixed Assets Purchase ♦ Real Estate Purchase ♦ Business Acquisitions  
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Contact **Eileen Ascher** or **Ken White** to discuss  
SBA lending solutions for your business

**Eileen Ascher, Vice President**  
Montgomery County  
(240) 912-3484  
Eileen.Ascher@RevereBank.com

**Ken White, Vice President**  
Prince George's County  
(240) 264-5384  
Kenneth.White@RevereBank.com



[www.RevereBank.com](http://www.RevereBank.com)



## Exporter Eligibility

Any business that has been in operation, although not necessarily in exporting, for at least 12 full months and can demonstrate that the loan proceeds will support its export activity is eligible for Export Express. The one year in business operations requirement can be waived if the applicant can demonstrate previous successful business experience and exporting expertise and the lender does conventional underwriting, not relying solely on credit scoring.

## Foreign Buyer Eligibility

The exporter's foreign buyer must be a creditworthy entity and not located in countries prohibited for financial support on the Export-Import Bank's Country Limitation Schedule and the methods of payment must be acceptable to the SBA and the SBA lender.

## How to Apply

Interested businesses should contact their existing lender to determine if they are an SBA Export Express lender. Application is made directly to the lender. Lenders use their own application material in addition to SBA's Borrower Information Form. Lenders' approved requests are then submitted with a limited amount of eligibility information to SBA's National Loan Processing Center for review.

## 7(a) LOAN PROCESSES FOR LENDERS

There are various ways a lender can apply to SBA for a 7(a) guaranty. Some are designed for experienced lenders who are fully committed to providing business loans guaranteed by SBA to their clientele that need them, while others are designed for lenders with limited experience or when there are certain issues that require SBA to thoroughly review the situation. The fundamental process available to all lenders who have signed up to participate with SBA is called the Standard Loan Guaranty Process. It is used by lenders to request a guaranty from SBA when they are new to SBA lending or the request requires an SBA review. Other methods of processing a request for guaranty have less requirements for SBA, so the time SBA take is less, but potentially more requirements or responsibilities for the lender. The determining factors on which one is used depends on the experience of the lender in dealing

with SBA, the complexity of the case, the purpose of the loan, and the dollar amount being requested.

## Standard 7(a) Loan Processing

After the applicant business and lender complete their required documents, the lender makes application to SBA for a guaranty by submitting them to SBA's Loan Guaranty Processing Center. The center will screen the application and, if satisfactory complete a thorough review of both eligibility and creditworthiness before making the decision to approve the issuance of a guaranty as submitted, approve with modifications (which will be discussed with the lender), or reject the request. When the lender makes application to SBA, they have already internally agreed to approve the recommended loan to the applicant if, and only if, the SBA provides a guaranty.

Standard processing means a lender makes their request for guaranty using SBA Form 1920 and the applicant completes SBA Form 1919, even if the applicant previously completed the lender's required application forms.

The analysis of eligibility starts with a review of the "Eligibility Questionnaire," completed by the lender. The analysis of credit starts with a review of the SBA Form 1920 and the lender's credit memo which must discuss at least six elements:

1. Balance sheet and ratio analysis;
2. Analysis of repayment. It is not acceptable to base repayment ability solely on the applicant's credit score.
3. Assessment of the management skills of the applicant;
4. Explanation of the collateral used to secure the loan and the adequacy of the proposed collateral;
5. Lender's credit history with applicant including an explanation of any weaknesses;
6. Current financial statements and pro-forma financial spread. SBA pro-forma analysis reflects how the business will look immediately following disbursement, not one year after disbursement.

SBA also expects that the lender's credit memo includes the intended use of the loan proceeds and any historical and current issues that require explanation. SBA also expects a discussion of the process by which the applicant business generates its income when it is not immediately obvious. An explanation of how the business conducts its operation is also expected.

SBA has three days to screen and 10 days to process the request for guaranty from the lender. Any additional time a lender takes to make their determination prior to requesting a guaranty from SBA will add to the length of time to reach a final decision. If the guaranty is approved, SBA will prepare a loan authorization outlining the terms and conditions under which the guaranty is provided and prepare an approval letter for transmission to the lender.

## Certified Processing

SBA has a Certified Lenders Program (CLP) which lenders with more experience and commitment to SBA lender can obtain which allows them to request a 7(a) guaranty through a process similar to the Standard process except the SBA will only review the lenders request rather than re-analyze.

## Preferred Processing

SBA has a Preferred Lenders Program (PLP) designed for lenders who have been delegated the authority to make both the eligibility and credit decisions without a second look by SBA. This process is used by the most experienced lenders who have the most dedicated staffs ready to review requests for financial assistance from existing and potential customers in order to see if they need to become SBA guaranteed loans.

## SBAExpress Processing

The SBAExpress guaranty is available to lenders as a way to obtain a guaranty on smaller loans up to \$350,000. The program authorizes select, experienced lenders to use mostly their own forms, analysis and procedures to process, structure, service, and disburse SBA-guaranteed loans. The SBA guarantees up to 50 percent of an SBAExpress loan. Loans under \$25,000 do not require collateral. The use of proceeds for a term loan is the same as for any Basic 7(a) Loan. Like most 7(a) loans, maturities are usually five to seven years for working capital and up to 25 years for real estate or equipment. Revolving lines of credit are allowed for a maximum of seven years.

## Export Express Processing

SBA Export Express offers flexibility and ease of use for lenders. Participating lenders may use their own forms, procedures and analyses. The SBA provides the lender with an immediate response. This loan is subject

to the same loan processing, closing, servicing and liquidation requirements as for other similar-sized SBA loans.

### Guaranty Coverage

The SBA provides lenders with a 90 percent guaranty on loans up to \$350,000 and a 75 percent guaranty on loans between \$350,001 and \$500,000.

### Review Your Credit Report

Before applying for a small business loan, you should request a copy of your credit report. Once you receive your report, review it for accuracy and make any corrections before seeing a lender. Accessing your credit report is the first thing a lender will do when reviewing your loan application. Be sure you know what's on the report and that all of the information is correct before talking with a lender.

Maryland law allows that Maryland residents are entitled to one free copy of their credit report per year. Contact one of the credit reporting agencies below to request a copy of your report.

Equifax	800-685-1111
TransUnion	800-888-4213
Experian	888-397-3742

### Community Advantage Loans

The **Community Advantage Pilot Program** is aimed at helping businesses located in underserved communities gain access to capital by opening up 7(a) lending to mission-focused, community-based lenders — such as Community Development Financial Institutions (CDFIs), Certified Development Companies (CDCs), and microlenders. These lenders provide technical assistance and economic development support to businesses located in underserved markets.

The application process is the same as for a Basic 7(a) Loan. The main difference with this program from other SBA 7(a) loan programs is the lender who ultimately provides the loan funds is not a traditional SBA lender.

Visit: [www.sba.gov/advantage](http://www.sba.gov/advantage) for more information about this program.

## CERTIFIED DEVELOPMENT COMPANY LOAN PROGRAM (504 LOANS)

The 504 Loan program is an economic development program that supports American small business growth and helps communities through business expansion and job creation. The 504 loan program provides long-term, fixed-rate, subordinate mortgage financing

for acquisition and/or renovation of capital assets including land, buildings and equipment. Some refinancing is also permitted. Most for-profit small businesses are eligible for this program. The types of businesses excluded from 7(a) loans (listed previously) are also excluded from the 504 loan program.

The SBA's 504 Certified Development Companies (CDC) serve their communities by financing business expansion needs. Their professional staff works directly with borrowers to tailor a financing package that meets program guidelines and the credit capacity of the borrower's business.

CDCs work with banks and other lenders to make loans in first position on reasonable terms, helping lenders retain growing customers and provide Community Reinvestment Act credit.

The SBA 504 loan is distinguished from the SBA 7(a) loan program in these ways:

#### **The maximum debenture, or long-term loan, is:**

- \$5 million for businesses that create a certain number of jobs or improve the local economy;
- \$5 million for businesses that meet a specific public policy goal, including loans for aiding rural development and expansion of small businesses owned by veterans, women, and minorities; and
- \$5.5 million for manufacturers and energy related public policy projects.

Recent additions to the program allow \$5.5 million for each project that reduces the borrower's energy consumption by at least 10 percent; and \$5.5 million for each project that generates renewable energy fuels, such as biodiesel or ethanol production. Projects eligible for up to \$5.5 million under one of these two requirements do not have to meet the job creation or retention requirement, so long as the CDC portfolio reflects an average jobs to debenture portfolio ratio of at least 1 job per \$65,000.

- Eligible project costs are limited to long-term, fixed assets such as land and building (occupied by the borrower) and substantial machinery and equipment.
- Most borrowers are required to make an injection (borrower contribution) of just 10 percent which allows the business to conserve valuable operating capital. A further injection of 5 percent is needed if the business is a start-up or new (less than two years old), and a further injection of 5 percent is also required if the primary collateral will be a single-purpose building (such as a hotel).

- Two-tiered project financing: A lender finances approximately 50 percent of the project cost and receives a first lien on the project assets (but no SBA guaranty); A CDC (backed by a 100 percent SBA-guaranteed debenture) finances up to 40 percent of the project costs secured with a junior lien. The borrower provides the balance of the project costs.
- Fixed interest rate on SBA loan. The SBA guarantees the debenture 100 percent. Debentures are sold in pools monthly to private investors. This low, fixed rate is then passed on to the borrower and establishes the basis for the loan rate.
- All project-related costs can be financed, including acquisition (land and building, land and construction of building, renovations, machinery and equipment) and soft costs, such as title insurance and appraisals. Some closing costs may be financed.
- Collateral is typically a subordinate lien on the assets financed; allows other assets to be free of liens and available to secure other needed financing.
- Long-term real estate loans are up to 20-year term, heavy equipment 10- or 20-year term and are self-amortizing.

#### **Businesses that receive 504 loans are:**

- Small — net worth under \$15 million, net profit after taxes under \$5 million, or meet other SBA size standards.
- Organized for-profit.
- Most types of business — retail, service, wholesale or manufacturing.

For information, visit

[www.sba.gov/504](http://www.sba.gov/504).

#### **Business Finance Group**

906 Cooks Bay Court  
Gambrills, MD 21054  
410-774-4979  
[www.businessfinancegroup.org](http://www.businessfinancegroup.org)

#### **Chesapeake Business Finance Corp.**

4606 Wedgewood Blvd.  
Frederick, MD 21703  
301-668-1844 or 800-453-0262  
[www.chesapeake504.com](http://www.chesapeake504.com)

#### **FSC First**

1801 McCormick Dr., Ste. 300  
Largo, MD 20774  
301-883-6900  
[www.fscfirst.com](http://www.fscfirst.com)

#### **Mid-Atlantic Business Finance Company**

1410 N. Crain Hwy., Ste. 5B/P.O. Box 19815  
Baltimore, MD 21225  
410-863-1600 or 800-730-0017  
[www.mabfc.com](http://www.mabfc.com)

## MICROLOAN PROGRAM (LOANS UP TO \$50,000)

The Microloan program provides very small loans (up to \$50,000) to women, low-income, minority, veteran, and other small business owners through a network of more than 100 Intermediaries nationwide. Under this program, the SBA makes funds available to nonprofit intermediaries that, in turn, make the small loans directly to start-up and existing businesses. Entrepreneurs work directly with the Intermediaries to receive financing, and business knowledge support. The proceeds of a microloan can be used for working capital, or the purchase of furniture, fixtures, supplies, materials, and/or equipment. Microloans may not be used for the purchase of real estate. Interest rates are negotiated between the borrower and the Intermediary. The maximum term for a microloan is six years. Because funds are borrowed from the Intermediary, SBA is not involved in the business loan application or approval process. And, payments are made directly from the small business to the Intermediary.

The program also provides business-based training and technical assistance to micro-borrowers and potential micro-borrowers to help them successfully start or grow their businesses. Such training and technical assistance may include general business education, assistance with business planning, industry-specific training, and other types of training support.

Entrepreneurs and small business owners interested in small amounts of business financing should contact the nearest SBA district office for information about the nearest Microloan Program Intermediary Lender or go to [www.sba.gov/microloans](http://www.sba.gov/microloans).

### ECDC Enterprise Development Group

901 S. Highland St.  
Arlington, VA 22204  
703-685-0510  
kkelly@ecdus.org  
[www.entdevgroup.org](http://www.entdevgroup.org)

### Maryland Capital Enterprises

P.O. Box 1844  
Salisbury, MD 21802  
866-MARY CAP or 410-546-1900  
410-546-9718 Fax  
info@marylandcapital.org  
[www.marylandcapital.org](http://www.marylandcapital.org)

## STATE TRADE AND EXPORT PROMOTION (STEP) PROGRAM

The State Trade and Export Promotion (STEP) Program is a pilot export initiative to make matching-fund awards to states to assist small businesses enter and succeed in the international marketplace. Activities to support small business exporting under the STEP Program are provided to eligible small business concerns ("STEP Clients") located in states, territories, and the District of Columbia. For more information on the STEP program visit [www.sba.gov/internationaltrade](http://www.sba.gov/internationaltrade).

## SURETY BOND GUARANTEE PROGRAM

The Surety Bond Guarantee Program is a public-private partnership between the Federal government and surety companies to provide small businesses with the bonding assistance necessary for them to compete for public and private contracting and subcontracting opportunities. The guarantee provides an incentive for sureties to bond small businesses that would otherwise be unable to obtain bonding. The program is aimed at small businesses that lack the working capital or performance track record necessary to secure bonding on a reasonable basis through regular commercial channels.

Through this program, the SBA guarantees bid, payment, performance and ancillary bonds issued by surety companies for individual contracts and subcontracts up to \$6.5 million. The SBA reimburses sureties between 70 and 90 percent of losses sustained if a contractor defaults on the contract. On Federal contracts, SBA can guarantee bonds on contracts up to \$10 million, if the contracting officer certifies that a guarantee would be in the best interest of the Government.

SBA has two program components, the Prior Approval Program and the Preferred Surety Bond Program. In the Prior Approval Program, the SBA guarantees 90 percent of surety's paid losses and expenses on bonded contracts up to \$100,000, and on bonded contracts greater than \$100,000 that are awarded to socially and economically disadvantaged concerns, HUBZone contractors, and veterans, and service-disabled veteran-owned small businesses. All other bonds guaranteed

in the Prior Approval Program receive an 80 percent guarantee. Sureties must obtain the SBA's prior approval for each bond guarantee issued. Under the Preferred Program, the SBA guarantees 70 percent, and sureties may issue, monitor and service bonds without the SBA's prior approval. Small businesses, surety companies, and bond producers are invited to visit our website at [www.sba.gov/osg](http://www.sba.gov/osg). You may also call the program office at 202-205-6545.

## SMALL BUSINESS INVESTMENT COMPANY PROGRAM

The Small Business Investment Company (SBIC) program is a multi-billion dollar program founded in 1958, as one of many financial assistance programs available through the U.S. Small Business Administration. The structure of the program is unique in that SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. The funds raise private capital and can receive SBA-guaranteed leverage up to three times private capital, with a leverage ceiling of \$150 million per SBIC and \$225 million for two or more licenses under common control. Licensed SBICs are for-profit investment firms whose incentive is to share in the success of a small business. The U.S. Small Business Administration does not invest directly into small business through the SBIC Program, but provides funding through SBA guarantee debentures to qualified investment management firms with expertise in certain sectors or industries.

## THE SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Research (SBIR) program is a highly competitive program that encourages domestic small businesses to engage in Federal Research/Research and Development (R/R&D) that has the potential for commercialization. Through a competitive awards-based program, SBIR enables small businesses to explore their technological potential and provides the incentive to



profit from its commercialization. By including qualified small businesses in the nation's R&D arena, high-tech innovation is stimulated and the United States gains entrepreneurial spirit as it meets its specific research and development needs.

### SBIR Program Eligibility

Only United States small businesses are eligible to participate in the SBIR program. An SBIR awardee must meet the following criteria at the time of Phase I and II awards:

1. Organized for profit, with a place of business located in the United States;
2. No more than 500 employees, including affiliates;
3. Be a concern which is more than 50% directly owned and controlled by one or more individuals (who are citizens or permanent resident aliens of the United States), other small business concerns (each of which is more than 50% directly owned and controlled by individuals who are citizens or permanent resident aliens of the United States), or any combination of these;
4. Be a concern which is more than 50% owned by multiple venture capital operating companies, hedge funds, private equity firms, or any combination of these (for agencies electing to use the authority in 15 U.S.C. 638(dd)(1)); or
5. Be a joint venture in which each entity to the joint venture must meet the requirements set forth in paragraph (a)(1)(i) or (a)(1)(ii) of this section. A joint venture that includes one or more concerns that meet the requirements of paragraph (a)(1)(ii) of this section must comply with §121.705(b) concerning registration and proposal requirements.
6. No single venture capital operating company, hedge fund, or private equity firm may own more than 50% of the concern.
7. For awards from agencies using the authority under 15 U.S.C. 638(dd)(1), an awardee may be owned and controlled by more than one VC, hedge fund, or private equity firm so long as no one such firm owns a majority of the stock.
8. If an Employee Stock Ownership Plan owns all or part of the concern, each stock trustee and plan member is considered an owner.

9. If a trust owns all or part of the concern, each trustee and trust beneficiary is considered an owner.
10. Phase I awardees with multiple prior awards must meet the benchmark requirements for progress toward commercialization.

### SBIR-Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$100 million are required to reserve 2.9% (FY 15) of the extramural research budget for SBIR awards to small businesses. These agencies designate R&D topics and accept proposals. Currently, eleven agencies participate in the SBIR program:

- Department of Agriculture
- Department of Commerce - National Institute of Standards and Technology
- Department of Commerce - National Oceanic and Atmospheric Administration
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Homeland Security
- Department of Transportation
- Environmental Protection Agency
- National Aeronautics and Space Administration
- National Science Foundation

For additional information visit

[www.sbir.gov](http://www.sbir.gov).

## SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM

Small Business Technology Transfer (STTR) is another program that expands funding opportunities in the federal innovation research and development (R&D) arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small businesses and nonprofit research institutions. The unique feature of the STTR program is the requirement for the small business to formally collaborate with a research institution in Phase I and Phase II. STTR's most important role is to bridge the gap between performance of basic science and commercialization of resulting innovations.

### STTR Program Eligibility

Only United States small businesses are eligible to participate in the STTR program. The small business must meet all of the following criteria at time of award:

- Organized for profit, with a place of business located in the United States;
- At least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States, and;
- No more than 500 employees, including affiliates.

The nonprofit research institution must also meet certain eligibility criteria:

- Located in the US
- Meet one of three definitions:
- Nonprofit college or university
- Domestic nonprofit research organization
- Federally funded R&D center (FFRDC)

STTR differs from SBIR in three important aspects:

1. The SBC and its partnering institution are required to establish an intellectual property agreement detailing the allocation of intellectual property rights and rights to carry out follow-on research, development or commercialization activities.
2. STTR requires that the SBC perform at least 40% of the R&D and the single partnering research institution to perform at least 30% of the R&D.
3. Unlike the SBIR program, STTR does not require the Principal Investigator to be primarily employed by the SBC.

### STTR-Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$1 billion are required to reserve 0.40% (FY 15) of the extramural research budget for STTR awards to small businesses. These agencies designate R&D topics and accept proposals. Currently, five agencies participate in the STTR program:

- Department of Defense
- Department of Energy
- Department of Health and Human Services
- National Aeronautics and Space Administration
- National Science Foundation

For additional information visit

[www.sbir.gov](http://www.sbir.gov).

The old adage “time is money” is perhaps one of the most pertinent statements that you can apply to small business owners. Whether you’re starting a business or managing a growing one, entrepreneurs and business owners wear many hats and have many questions:

- What laws and regulations apply to my business?
- How do I start to write a business plan?
- Where can I get help with X, Y and Z?

Many of us invariably turn to our networks and the Internet to find answers. But how can you trust that the information you are getting is truly applicable to your business and, let’s face it, even accurate?

As part of its mission to help business owners start, succeed and grow, SBA, through the SBA.gov website has developed numerous online tools and guides to help small businesses get information and answers they need quickly and efficiently. For example, these **10 Steps to Starting a Business** and these **10 Steps to Hiring your First Employee** guides are essential reading. Then there are the **Licenses and Permits Search Tool** and the **Loans and Grants Search Tool**.

## New Online Tools to Help Business Owners Plan, Manage and Grow

Over the past couple of months, the SBA has expanded its capacity and selection of tools and information that business owners need by developing a whole range of new online features! Check them out:

### 1. Get to Know Your Market and Competition Better with the SizeUp Tool

Want to know how your business stacks up against the competition? Where your potential competitors are located? Where the best places are to advertise your business? These are all critical inputs for your business plan and can also help back up any financing applications.

Now with the new **SizeUp** tool you can crunch millions of data points and get customizable reports and statistics about your business and its competition. Just enter your industry, city, state and other



details. **SizeUp** then runs various reports and provides maps and data related to your competition, suppliers and customers. It also highlights potential advertising opportunities.

### 2. Build a Business Plan Tool

Business planning can seem a daunting task, but it doesn’t have to be that way. To help you plan and steer your business, this new **“Build a Business Plan”** tool guides you through the process of creating a basic, downloadable business plan. The great thing about it is you can build a plan in smaller chunks of time, save your progress and return at your leisure.

To use the tool, simply log into SBA.gov and enter information into a template for each section of the business plan including, market analysis, company description and financial projections. The tool is secure and confidential and will keep your plan on record for up to six months. You can also save, download or email the plan at any time.

### 3. Size Standards Tool - Find Out Fast if You Qualify for Government Contracts

In order to be eligible to sell to the government and compete for small business “set-aside” contracts, business owners had to rummage through various rules and matrices to find out if their business is truly “small” according to **SBA size standards**. Now, with this new **Size Standards Tool**, you can follow three simple steps to cut through the guesswork and quickly find out if you qualify for government contracting opportunities. SBA also offers

other resources including **government contracting training courses**, and **guides to help you register as a contractor**.

### 4. Events Calendar - Locate Business Training and Seminars

SBA and its partners, including Small Business Development Centers, Women’s Business Centers, and SCORE, hold hundreds of small business training seminars and workshops across the country. Until now, there was no single repository for these events. Now, with SBA’s **Events Calendar**, you can quickly find and sign up for training. Enter a date range and/or zip code to locate events in your area. Results are filtered by topic such as “starting a business,” “managing a business,” “business planning,” and “financing a business.”



# Loan Programs for Businesses

*Ways borrowers can use the money*

(Information current as of 03/03/2015)

Program	Who Qualifies	Use of Proceeds	Maturity	Maximum Loan Amount	Structure	Benefits to Borrower
<b>Basic 7(a)</b>	For profit businesses that can meet SBA's size standards, nature of business, use of proceeds, credit elsewhere, and other miscellaneous eligibility factors.	Acquire land; purchase existing building; convert, expand or renovate buildings; construct new buildings; acquire and install fixed assets; acquire inventory; purchase supplies and raw materials; purchase a business, start a business, leasehold improvements, term working capital; and, under certain conditions, to refinance certain outstanding debts	Based on the use of proceeds and borrower's ability to repay. Not based on collateral. Maximum maturity: 10 years for working capital (seven years is common), 10 years for fixed assets, 25 years for real estate.	A Basic 7(a) can be for as much as \$5 million. SBA's limit to any one business is \$3.75 million so a business can have multiple loans guaranteed by SBA but the guaranteed portion combined cannot exceed \$3.75 million.	Term loans with one monthly payment of principal and interest (P&I). Borrower contribution required. Interest rate depends upon how lender applies for guaranty (see lender program chart). Cannot revolve, no balloon or call provisions.	Business can obtain financing not otherwise available, fixed maturity, available when collateral is limited. Can establish or re-affirm relationship with lender.
<b>International Trade Loan (ITL)</b>	Same as Basic 7(a), plus, business must be engaged or preparing to engage in exporting or be adversely affected by competition from imports.	Acquire, renovate, modernize facilities or equipment used in making products or services to be exported, plus, for permanent working capital and to refinance business debts currently on unreasonable terms.	Same as Basic 7(a).	Same as Basic 7(a), but when borrower has both international trade and working capital loans guaranteed by the SBA, the limit to any one business is \$4 million.	Same as Basic 7(a).	Same as Basic 7(a). Plus, long-term financing for export-related fixed assets and working capital.
<b>Export Working Capital Loan (EWCP)</b>	Same as Basic 7(a). Plus, must be in business one year and engaged or preparing to engage in exporting.	Short-term working capital to cover the costs of filling export orders, including ability to support an Export Stand-By Letter of Credit.	Can be up to a maximum of 36 months but generally 12 months or less.	Gross loan amount \$5.0 million. SBA guaranteed portion \$4.5 million	Finance single or multiple transactions. Interest paid monthly, principal paid as payments from items shipped overseas are collected. Can be renewed annually. Extra fees apply. Percentage of guaranty up to 90%. Generally revolving.	Provides U.S. exporters with a line of credit that can be separated from domestic operations line of credit. Can be used to finance 100% of the cost of filling export orders.
<b>Seasonal CAPLines</b>	Same as Basic 7(a). Plus, in business for at least one year and can demonstrate seasonal financing needs.	To finance the seasonal increases of accounts receivable, inventory and labor.	10 years	Same as Basic 7(a).	Short-term financing for seasonal activities to be repaid at the end of the season when payment for the seasonal activity is made to business	Provides opportunity for seasonal businesses to get seasonal financing not otherwise available.
<b>Contract CAPLines</b>	Same as Basic 7(a). Plus, will perform on contract or purchase order for some third-party buyer.	To finance the cost of one or more specific contract, sub-contract, or purchase order, including overhead or general and administrative expenses, allocable to the specific contract(s).	10 years	Same as Basic 7(a).	Short-term financing for performance of approved contract, sub-contract, or purchase order to be repaid when payment for the activity is made to business. Can be revolving or not.	Provides opportunity for contractors and sub-contractors to get financing not otherwise available.
<b>Builders CAPLines</b>	Same as Basic 7(a). Plus, building/renovating residential or commercial structure for re-sale without knowing buyer at time of approval.	For the direct expenses related to the construction and/or "substantial" renovation costs of specific residential or commercial buildings for resale, including labor, supplies, materials, equipment rental, direct fees. The cost of land is potentially eligible.	Maximum of three years to disburse and build or renovate. Extension possible to accommodate sale.	Same as Basic 7(a).	Short-term financing to build or renovate home or building for sale to unknown third party. "Substantial" means rehabilitation expenses of more than one-third of the purchase price or fair market value at the time of application. Can be revolving or not.	Provides opportunity for residential and commercial builders to get financing not otherwise available.



Program	Who Qualifies	Use of Proceeds	Maturity	Maximum Loan Amount	Structure	Benefits to Borrower
<b>Working Capital CAPLines</b>	Same as Basic 7(a). Borrower should sell on credit and/or have inventory needing immediate replacement after the sale.	For short-term working capital and operating needs, including to finance export sales. Proceeds must not be used to pay delinquent withholding taxes or similar trust funds (state sales taxes, etc.) or for floor planning.	10 years	Same as Basic 7(a).	Structured with requirements for payment of principal tied to the businesses collection of payments from their clientele	Provides opportunity for businesses that sell on credit to get revolving financing not otherwise available.
<b>SBA Express Lender Structured Loans or Lines of Credit</b>	Businesses needing a line of credit to conduct credit in the USA.	Working capital	If revolving, seven-year maximum, including term out period.	\$350,000	Structure is established by individual lender. Lender must have SBA Express designation	Has availability for a line of credit to help with short-term cash needs of the business.
<b>Export Express Lender Structured Loans or Lines of Credit</b>	Businesses needing a line of credit to support exporting activity.	Working capital 70 percent of which is to be used to support exporting activities.	If revolving, seven-year maximum, including term out period.	\$500,000	Structure is established by individual lender. Lender must have Export Express designation	Has availability for a line of credit to help with short-term cash needs of the business.
<b>Non-7(a) Programs</b>						
<b>504 Loan Program</b>	For-profit businesses that can meet the SBA's size standards, nature of business, use of proceeds, credit elsewhere, and other miscellaneous factors.	Non-7(a) Programs For the acquisition of long-term fixed assets, equipment with a useful life of at least 10 years; refinance loan-term fixed asset debt under certain conditions; working capital under certain conditions; to reduce energy consumption; and to upgrade renewable energy resources.	Based on the use of proceeds. Twenty years for real estate. Ten years for machinery and equipment.	The SBA portion of the financing can generally be up to \$5.0 million but may be up to \$5.5 million for manufacturing businesses or energy saving public policy goals.	Loans packaged by Certified Development Companies (CDC) and designed to finance up to 40 percent of a "project" <sup>1</sup> secured with a 2nd position lien. Another loan from a third party lender financing up to 50 percent of the same project secured in 1st position, and borrower contribution of at least 10 percent. Extra contributions for special-purpose properties and new businesses.	Long-term Treasury fixed rates that are below market, low borrower contribution only 10 to 20 percent, full amortization with no call or balloon conditions.
<b>Microloan Program</b>	Same as Basic 7(a). Plus, nonprofit child-care businesses.	Similar to Basic 7(a). Plus, start-up nonprofit child-care businesses	Shortest term possible, not to exceed six years.	\$50,000 to the small business at any given time.	The SBA provides a loan to a nonprofit micro-lender called an "intermediary" who uses the proceeds to make microloans to small businesses. Technical assistance can also be provided.	Direct loan from nonprofit intermediary lender, fixed-rate financing, can be very small loan amounts, and technical assistance is available.

<sup>1</sup> "Project" is the purchase or lease, and/or improvement or renovation of long-term fixed assets by a small business, with 504 financing, for use in its business operations.

# Lender's Programs Chart

*Ways lenders can request guarantees*

(Information current as of 03/03/2015)

Program Processing	Which Lenders Qualify	Types of Loans that can be Guaranteed	Maximum Allowable Interest Rates	Eligibility Analysis	Credit Analysis	Maximum Loan Amount
<b>Standard Processing</b>	Lenders that have an executed participation agreement with the SBA.	Basic 7(a). International Trade, Export Working Capital, all CAPLines.	Base rate is <i>Wall Street Journal</i> prime, or LIBOR* one month rate plus 3 percent, or SBA Peg rate. <b>Plus</b> , an allowable spread from 2.25 to 2.75 percent based on term. Lender can add 2 percent if loan is \$25,000 or less, and 1 percent if loan is \$25,001 to \$50,000. Can be fixed or variable.	Lender completes eligibility questionnaire and SBA reviews eligibility during loan processing.	Lender to cover all aspects of prudent credit analysis with emphasis on applicant's ability to repay loan from operation. SBA conducts analysis of lender's analysis.	Maximum loan \$5 million. Loans up to \$150,000 guaranteed up to 85 percent; loans over \$150,000 guaranteed up to 75 percent. Business with multiple SBA loans may get some variations.
<b>Certified Lender Program (CLP) Processing</b>	Same as Standard 7(a). Plus, an executed CLP agreement.	Same as Standard 7(a) processing except no policy exceptions.	Same as Standard 7(a).	Same as Standard 7(a).	Same as Standard 7(a) except SBA reviews lender's analysis work, not a re-analysis.	Maximum loan \$5 million. Guaranty percentage same as Standard 7(a).
<b>Preferred Lender Program (PLP) Processing</b>	Same as Standard 7(a). Plus, an executed PLP agreement.	Same as Standard processing except restrictions on loans involving some types of debt refinancing.	Same as Standard 7(a).	Lender completes Eligibility Analysis.	Delegated to lender.	Maximum loan \$5 million. Guaranty percentage same as Standard 7(a).
<b>SBA Express Processing</b>	Same as Standard 7(a). Plus, an executed SBA Express agreement.	Basic 7(a) with restrictions on some types of debt refinancing. Plus, lender structured term and revolving loans.	If \$50,000 or less, cannot exceed prime + 6.5 percent. If over \$50,000, cannot exceed prime + 4.5 percent. Prime may be lender prime.	Lender completes SBA Form 1920 "Eligibility Information."	Delegated to lender.	Maximum loan \$350,000. Guaranty percentage 50 percent.
<b>Export Express Processing</b>	Same as Standard 7(a). Plus, an executed Export Express agreement.	Similar to export working capital loan and international trade loans which meet export related eligibility criteria.	If \$50,000 or less, cannot exceed prime + 6.5 percent. If over \$50,000, cannot exceed prime + 4.5 percent. Prime may be lender prime.	Lender completes SBA Form 1920 "Eligibility Information."	Delegated to lender.	Maximum loan \$500,000. Guaranty percentage range between 75 and 90 percent.
<b>Community Advantage</b>	Lenders that have an executed Community Advantage agreement.	Basic 7(a) except restrictions on some types of refinancing.	Prime + 6 percent.	Lenders complete SBA Form 1920 "Eligibility Information."	Similar to Standard 7(a) except credit factors to consider are more defined.	Maximum loan \$250,000. Guaranty percentage same as Standard 7(a).

• London InterBank Offered Rate

All SBA programs and services are extended to the public on a nondiscriminatory basis.

# CONTRACTING

## Applying for Government Contracts



The U.S. government is the largest single purchaser of goods and services in the world, buying everything from armored tanks to paper clips. Every year, the federal government awards more than \$500 billion in contracts, and a significant share of those contracts are specifically allotted to small businesses.

The Small Business Administration works with agencies to award at least 23 percent of all prime government contracts to small businesses, with specific statutory goals for small business, small disadvantaged businesses (SDB), businesses that are women-owned (WOSB) or service-disabled veteran-owned (SDVOSB), and businesses that are located in historically underutilized business zones (HUBZone firms).

The agency ensures that small businesses have access to long-lasting development opportunities, which means working with small businesses to help them stay competitive, as well as encouraging federal agencies to award more contracts to small businesses. The SBA provides outreach programs, matchmaking events, and online training opportunities; and helps agencies identify contracting opportunities for small businesses.

### HOW GOVERNMENT CONTRACTING WORKS

#### Sealed bidding vs. Negotiation

There are two contracting methods the government uses to purchase goods and services, sealed bidding and negotiation. The first method, sealed bidding, involves the issuance of an invitation for bid by a procuring agency. Under the sealed bidding method, a contract is awarded to a responsible bidder whose bid, conforms to the requirements of a solicitation (Invitation for Bids (IFB)) that will be most advantageous to the government, considering only price and the price-related factors included in the IFB. The second method, negotiation, involves issuing a request for proposal (RFP) or request for quotation (RFQ). The business with the best proposal in terms of technical content, best value, price and other factors generally wins the contract.

#### Types of Contracts

Firm fixed-price contracts place the full responsibility for the costs and risk of loss on the contractor. Firm fixed-price contracts do not permit any adjustment on the basis of the contractor's costs during the

performance of the contract. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties. This type of contract is used in all sealed bid and some negotiated procurements.

Cost reimbursement contracts provide for the payment of allowable costs incurred by the contractor, to the extent stated in the contract. The contract establishes a ceiling price, above which a contractor may not exceed without the approval of the contracting officer. Cost reimbursement contracts are commonly used in research and development contracts.

Some contracts do not fit neatly into these two categories, such as time and material contracts (prices for hourly wages are fixed but the hours are estimated) and letter contracts (authorizes a contractor to begin work on an urgent requirement).

#### Small Business Set-Asides

A "set-aside" for small businesses reserves an acquisition exclusively for small business participation. This includes HUBZone Certified small businesses, SBA 8(a) Certified small businesses, Service-Disabled



Veteran-Owned small businesses and Economically Disadvantaged/Women-Owned small businesses in specific industries. There are two ways in which set-asides can be determined. First, if an acquisition of goods or services has an anticipated dollar value of at least \$3,000 but not exceeding \$150,000, it is automatically reserved for small businesses. The acquisition will be set aside only if the contracting officer determines there are two or more responsible small businesses that are competitive in terms of prices, quality and delivery. Second, if an acquisition for goods or services is estimated at more than \$150,000, and it is determined that offers will be obtained from two or more responsible small businesses, at a fair market price, the acquisition is reserved exclusively for small business participation. Reasonable expectations of small business competition may be evaluated using past acquisition history of an item or similar items.

There are several exceptions and unique rules for specific kinds of small businesses and industries. For Research and Development (R&D) small business set-asides, there must be reasonable expectation of obtaining from small businesses the best scientific and technological sources consistent with the requirements of the proposed acquisition. For small business set-asides other than for services or construction services, any business proposing to furnish a product that it did not manufacture must furnish the product of a small business manufacturer unless the SBA has granted either a waiver or exception to this requirement, referred to as the Non-manufacturer rule. In industries where the SBA finds that there are no small business manufacturers, it may issue a waiver to the non-manufacturer rule. Waivers permit small businesses dealers or distributors to provide any domestic firm's product.

### Subcontracting

Subcontracting opportunities are a great resource for small businesses, especially for those not ready to bid as prime contractors. Experience gained from subcontracting with a federal prime contractor can better prepare businesses to bid for prime contracts.

Current regulations stipulate that for contracts offering subcontracting opportunities over \$650,000 for goods and services, or \$1.5 million for construction must offer the maximum practicable subcontracting opportunities to small businesses.

In addition, potential large business prime contractors must submit a subcontracting plan with their proposal describing how they will successfully maximize subcontracting opportunities to small businesses.

To find subcontracting opportunities, a list of federal prime solicitations is listed under the U.S. Small Business Administration Subcontracting Network (SUBNET) [web.sba.gov/subnet/search/index.cfm](http://web.sba.gov/subnet/search/index.cfm) and through the General Services Administration (GSA) at [www.gsa.gov/portal/content/101195](http://www.gsa.gov/portal/content/101195). Research the list of prime contractors and determine which are best suited to your business. Develop a marketing strategy, and then contact the Small Business Liaison Officer (SBLO) listed for each prime to schedule an appointment.

## SBA CONTRACTING PROGRAMS

### HUBZONE

The Historically Underutilized Business Zones (HUBZone) program helps small businesses located in distressed urban and rural communities gain access to federal set-aside contracts and sole source contracts, as well as a price evaluation preference in full and open contract competitions. There is a statutory goal that HUBZone small business concerns be awarded not less than 3 percent of the total value of all prime contract and subcontract awards. The HUBZone program also establishes preference for award of federal contracts to small businesses in these areas. To qualify for the program, a business (except those that are tribally-owned) must meet the following criteria:

- It must be a small business by SBA size standards
- It must be owned and controlled at least 51 percent by U.S. citizens, or a Community Development Corporation (CDC), an agricultural cooperative, or an Indian tribe
- Its principal office must be located within a "Historically Underutilized Business Zone," which includes lands considered "Indian Country" and military facilities closed by the Base Realignment and Closure Act
- At least 35 percent of its employees must reside in a HUBZone.

**Note:** Different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives. These are delineated in Title 13 of the Code of Federal

Regulations, Part 126.

Existing businesses that choose to move to qualified areas are eligible to apply for certification provided they meet all the eligibility requirements. To fulfill the requirement that 35 percent of a HUBZone firm's employees reside in a HUBZone, employees must live in a primary residence at a place for at least 180 days, or as a currently registered voter, and with intent to live there indefinitely.

#### The SBA is responsible for:

- Determining whether or not individual concerns are qualified HUBZone small business concerns;
- Maintaining a list of qualified HUBZone small business concerns for use by acquisition agencies in awarding contracts under the program;
- Adjudicating protests and appeals of eligibility to receive HUBZone contracts.

For additional information, visit [www.sba.gov/hubzone](http://www.sba.gov/hubzone).

## 8(a) BUSINESS DEVELOPMENT PROGRAM

The 8(a) Business Development program is a nine-year program established to assist eligible socially and economically disadvantaged individuals to develop and grow their businesses. Business development assistance includes one-on-one counseling, training workshops, match-making opportunities with federal buyers and other management and technical guidance. There is a statutory requirement that small disadvantaged business concerns be awarded not less than 5 percent of the total value of all prime contract awards. All firms that become eligible for SBA's 8(a) business development assistance are also considered small disadvantaged business concerns for the purpose of federal contracting.

To be eligible for the 8(a) Business Development program, a business must meet the following criteria:

- It must be a small business by SBA size standards;
- It must be owned (at least 51 percent) by one or more individuals who qualify as socially and economically disadvantaged, and who are U.S. citizens of good character;
- It must be controlled, managed, and operated full-time by one or more individuals who qualify as disadvantaged, and;

- It must demonstrate potential for success (generally by being in business for at least two full years) and have the capacity to perform on government and non-government contracts before applying.

Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual capabilities. The following individuals are presumed to be socially disadvantaged: Black Americans, Native Americans, Alaska Natives or Native Hawaiians, Hispanic Americans, Asian Pacific Americans, and Subcontinent Asian Americans. An individual who is not a member of one of these groups must establish individual social disadvantage by a preponderance of evidence.

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free-enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged.

Firms owned by Alaska Native Corporations, Indian tribes, Native Hawaiian organizations, and Community Development Corporations can also apply to the SBA for 8(a) business development assistance.

So that approved firms can obtain training, counseling, and business development assistance, SBA designates a staff person at a local SBA district office, geographically near the business to coordinate the firm's business development assistance.

#### **SBA is responsible for:**

- Determining whether a business qualifies for the 8(a) Business Development program;
- Determining whether a business continues to qualify, during the nine-year term;
- Approving Mentor/Protégé agreements between 8(a) firms and large businesses;
- Providing technical guidance and business development assistance during the nine-year term.

For additional information, visit [www.sba.gov/8a](http://www.sba.gov/8a).

## **PROCUREMENT TECHNICAL ASSISTANCE CENTERS (PTACs)**

Doing business with the government is a big step to growing your business. Procurement Technical Assistance Centers (PTACs) provide local,

# **WHAT YOU SHOULD KNOW ABOUT YOUR BUSINESS**

To be eligible to bid on a federal contract, you must know your business. Answer the following three questions:

### **1. Are you a small business?**

Is your small business:

- Organized for profit?
- Located in the U.S.?
- Operated primarily within the U.S. or making a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor?
- Independently owned and operated?
- Not dominant in the field of operation in which it is bidding for government contracts?
- A sole proprietorship, partnership, corporation, or any other legal form?

If the first six criteria apply to your business, ask yourself the second important question to find out if your business meets size standard requirements.

### **2. What is the size standard for your business?**

Size standards are used to determine whether a business is small or "other than small." Size standards vary depending upon the industry. To determine the size standard for your business, you will need a North American Industry Classification code (NAICS). Every federal agency uses these codes when considering your business. To determine your NAICS code, go to [www.census.gov/eos/www/naics/](http://www.census.gov/eos/www/naics/). Some SBA programs require their own unique size standards. To find out more about these requirements and other size standard information, go to [www.sba.gov/size](http://www.sba.gov/size).

in-person counseling and training services for you, the small business owner. They are designed to provide technical assistance to businesses that want to sell products and services to federal, state, and/or local governments. PTAC services are available either free of charge, or at a nominal cost. PTACs are part of the Procurement Technical Assistance Program, which is administered by the Defense Logistics Agency.

### **3. Do you fall under a specific certification?**

Under the umbrella of "small business," SBA has outlined several specific certifications that businesses may fall under. These certifications are divided into two categories:

#### **SBA-Certified and Self-Certified.**

The SBA-Certified Programs were created to assist specific businesses in securing federal contracts and therefore can only be issued by SBA administrators. For the Self-Certified Programs, you can determine for yourself if your business meets the requirements by referring to the Federal Acquisition Regulation (FAR).

Just as Congress has given federal agencies a goal of procuring 23 percent of federal contracts from small businesses, so too must federal agencies meet specific contracting goals for other categories of small firms. These goals are:

- 23 percent of contracts for Small Businesses
- 5 percent of contracts to Small Disadvantaged Businesses
- 5 percent to Women-Owned Small Businesses
- 3 percent to Service-Disabled Veteran-Owned Small Businesses
- 3 percent to HUBZone Small Businesses

Federal agencies have a strong incentive to fulfill these contracting goals. You should apply for those SBA-Certified and Self-Certified programs for which you qualify to take advantage of contracting opportunities.

#### **What can a PTAC do for you?**

- Determine if your business is ready for government contracting. Pursuing government contracts is a challenge, and can be burden for your company if you do not have the resources or maturity to handle a contract. A PTAC representative can sit with you one-on-one and determine if your company is ready, and how to position yourself for success.
- Help you register in the proper places. There are numerous databases to register with to get

involved with the government marketplace, including the Department of Defense's System for Award Management (SAM), GSA Schedules, and other government vendor sites.

- See if you are eligible in any small business certifications. Some government contracts are set aside for certain businesses that have special certifications, such as woman-owned, minority-owned, and HUBZone. A PTAC representative can help you obtain these certifications, if you are eligible, allowing for more government contract opportunities.
- Research past contract opportunities. A PTAC representative can look into past contracts, to see what types of contracts have been awarded to businesses like yours.

In addition, a PTAC can help you identify and bid on a contract, and if you are awarded the contract, continue to provide you support through measuring your performance and helping with your contract audits. Don't hesitate to find the PTAC near you today to get started in government contracting or to improve your success.

## SMALL DISADVANTAGED BUSINESS

A Small Disadvantaged Business (SDB) is defined as a small business that is at least 51 percent owned and controlled by one or more individuals who are socially and economically disadvantaged.

There is a federal government-wide goal of awarding at least 5 percent of prime contracting dollars to SDBs each year. Large prime contractors must also establish a 5 percent subcontracting goal for SDBs in their subcontracting plans which includes SBA 8(a) certified small businesses.

Firms self-certify as SDB in the federal data base called the System for Award Management (SAM) without submitting any application to the SBA; however, firms approved by the SBA into the 8(a) Business Development Program are automatically certified as an SDB. To self certify, firms should access the website: [www.sba.gov/sdb](http://www.sba.gov/sdb). By reading the information contained therein you will be given guidance as to what steps are required.



## SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS

The Service-Disabled Veteran-Owned Small Business (SDVOSB) program has a federal government-wide goal of awarding at least 3 percent of prime and subcontracting dollars to Service-Disabled Veteran-Owned Small Businesses each year. Large prime contractors must also establish a subcontracting goal for SDVOSBs in their subcontracting plans. These subcontracting goals are reviewed at time of proposal by both the contracting officer and the SBA prior to the award of a contract.

While the SBA does not certify companies as SDVOSBs, SDVOSB protest process is administered by SBA to ensure that only businesses owned by service-disabled veterans receive contracts reserved exclusively for them. When a business's SDVOSB self-certification is challenged, the SBA determines if the business meets the status, ownership and control requirements.

To determine your eligibility, contact your local veterans' business development officer, visit the various program websites, or contact SBA's Office of Veterans Business Development at [www.sba.gov/about-offices-content/1/2985](http://www.sba.gov/about-offices-content/1/2985).

## WOMEN-OWNED SMALL BUSINESS FEDERAL CONTRACT PROGRAM

On October 7, 2010, the SBA published a final rule effective February 4, 2011, aimed at expanding federal

contracting opportunities for women-owned small businesses. The Women-Owned Small Business (WOSB) Federal Contract Program authorizes contracting officers to set aside certain federal contracts for eligible women-owned businesses and economically disadvantaged women-owned small businesses (EDWOSB) in industries where it has been determined WOSBs and EDWOSBs are underrepresented..

To be eligible, a firm must be at least 51 percent owned or controlled by one or more women. The women must be U.S. citizens and the WOSB or EDWOSB must be "small" under its primary industry in accordance with SBA's size standards established for under the North American Industry Classification code assigned to that industry. To be deemed "economically disadvantaged" its owners must demonstrate economic disadvantage in accordance with the requirements set forth in the final rule. For additional information, visit [www.sba.gov/wosb](http://www.sba.gov/wosb).

Protests under the WOSB Federal Contract Program are also administered by the SBA. When a company's WOSB or economically disadvantaged WOSB self-certification is challenged, the SBA determines if the business meets ownership and control requirements.

Large prime contractors must also establish a subcontracting goal for Woman-Owned Small Businesses in their Subcontracting Plans. These subcontracting goals are reviewed at time of proposal by both the contracting officer and the SBA prior to the award of a contract.



# GETTING STARTED IN CONTRACTING

Once you have identified the important information regarding your business, it is time to start the process of procuring a government contract.

## 1. Identify your DUNS (Data Universal Numbering System) Number

To register your business, obtain a DUNS number used to identify and track millions of businesses. You can obtain your free DUNS number when registering with the System for Award Management. Log on to [www.sam.gov](http://www.sam.gov) for more information or by contacting Dun & Bradstreet at [www.dnb.com](http://www.dnb.com).

## 2. Identify your EIN (Employer Identification Number)

An EIN, otherwise known as a federal tax identification number, is generally required of all businesses. For more information, go to [www.irs.gov](http://www.irs.gov).

## 3. Identify your NAICS (North American Industry Classification) codes

The NAICS codes are used to classify the industry a particular business occupies. You will need at least one NAICS code to complete your registration, but be sure to list as many as apply. You may also add or change NAICS codes at any time. Visit [www.census.gov/eos/www/naics/](http://www.census.gov/eos/www/naics/) to find NAICS codes.

## 4. Identify your SIC (Standard Industrial Classification) codes

The SIC codes are four-digit numbers that are used to classify the industry a particular business occupies. While NAICS codes have largely replaced SIC codes, you will still need to provide your SIC code. SIC codes can be found at [www.osha.gov/pls/imis/sicsearch.html](http://www.osha.gov/pls/imis/sicsearch.html).

## 5. Register with the System for Award Management (SAM), formerly the Central Contractor Registration (CCR)

The SAM is an online federal government maintained database of companies wanting to do business with the federal government. Agencies search the database for prospective vendors. Register at [www.sam.gov](http://www.sam.gov).

After completing registration, you will be asked to enter your small business profile information through the SBA Supplemental Page. The information will be displayed in the Dynamic Small Business Search.

Creating a profile in SAM and keeping it current ensures your firm has access to federal contracting opportunities. Entering your small business profile, including your business information and key word description, allows contracting officers, prime contractors, and buyers from state and local governments to learn about your company.

## 6. Register with the GSA Schedule

The GSA (General Services Administration) Multiple Award Schedule (aka Federal Supply Schedule) is used by GSA to establish long-term, government-wide contracts with commercial firms. Once these contracts are established, government agencies can order the supplies and services they need directly from the firms through the use of an online shopping tool. Becoming a GSA schedule contractor increases your opportunity for contracts across all levels of government. Businesses interested in becoming GSA schedule contractors should review the information available at [www.gsa.gov/schedules](http://www.gsa.gov/schedules).

## 7. Make Sure Your Business is Financially Sound

This critical step is absolutely necessary to make sure that your business is financially prepared for the journey ahead. Even if you are able to obtain a government contract, you will not be receiving all of the money at once. It helps to have a clear plan of how your business will stage the benefits of the contract.

## 8. Search Federal Business Opportunities (FedBizOpps) for Contracting Opportunities

FedBizOpps, is an online service operated by the federal government that announces available business opportunities. FedBizOpps helps identify the needs of federal agencies and available contracting opportunities. To begin searching for contracting opportunities, go to [www.fbo.gov](http://www.fbo.gov).

## 9. Marketing Your Business

Registering your business is not enough to obtain a federal contract; you will need to market your business to attract federal agencies. Tips for good marketing are:

- Determine which federal agencies buy your product or service, and get to know them;
- Identify the contracting procedures of those agencies;
- Focus on opportunities in your niche and prioritize them.
- Although not required, you may want to obtain a PSC (Product Services Code) and/or a FSC (Federal Supply Classification). These codes provide additional information about the services and products your business offers.

## ADDITIONAL PROCUREMENT RESOURCES

The following federal procurement resources may also be of assistance:

- **The Certificates of Competency (CoC) program** allows a small business, which is the apparent successful offeror, to appeal a contracting officer's non-responsibility determination that it is unable to fulfill the requirements of a specific government contract. The SBA will conduct a detailed review of the firm's technical and financial capabilities to perform on the contract. If the business demonstrates the capability to perform, the SBA issues a Certificate of Competency to the contracting officer, requiring award of that contract to the small business.
- **Procurement Center Representatives (PCR) and Commercial Marketing Representatives (CMR):** PCRs work to increase the small business share of federal procurement awards. CMRs offer many services to small businesses, including counseling on how to obtain subcontracts. To find a PCR or CMR near you, go to [www.sba.gov/content/procurement-center-representatives](http://www.sba.gov/content/procurement-center-representatives).
- **PTACs (Procurement Technical Assistance Centers):** PTACs provide assistance to businesses that want to sell products and services to federal, state, and/or local government. To find a PTAC in your state, go to [www.dla.mil/SmallBusiness/Pages/ptap.aspx](http://www.dla.mil/SmallBusiness/Pages/ptap.aspx).
- **Department of Defense** (The DoD is the largest purchaser of goods from small businesses): [www.acq.osd.mil/osbp/](http://www.acq.osd.mil/osbp/)
- **Office of Federal Procurement Policy:** [www.whitehouse.gov/omb/procurement\\_default](http://www.whitehouse.gov/omb/procurement_default)
- **Acquisition Forecast:** [www.acquisition.gov/comp/procurement\\_forecasts/index.html](http://www.acquisition.gov/comp/procurement_forecasts/index.html)
- **Federal Supply Schedule (FSS):** [www.gsa.gov](http://www.gsa.gov)
- **GSA Center for Acquisition Excellence:** [www.gsa.gov/portal/content/103487](http://www.gsa.gov/portal/content/103487)

# SBA DISASTER ASSISTANCE

Knowing the Types of Assistance Available for Recovery



**T**he disaster program is SBA's largest direct loan program, and the only SBA program for entities other than small businesses. SBA is responsible for providing low-interest disaster loans to businesses of all sizes, private non-profit organizations, homeowners and renters following declared disasters.

The SBA is authorized by the Small Business Act to make two types of disaster loans:

## Physical Disaster Loans

Physical Disaster Loans are the primary source of funding for permanent rebuilding and replacement of uninsured or underinsured disaster-caused damages to privately-owned real and/or personal property. SBA's physical disaster loans are available to businesses of all sizes, private non-profit organizations, homeowners and renters. Businesses and private, nonprofit organizations of any size may apply for a loan up to \$2 million (actual loan amounts are based on the amount of uncompensated damage) to repair

or replace real property, machinery, equipment, fixtures, inventory and leasehold improvements. A homeowner may apply for a loan of up to \$200,000 to repair or replace the primary residence to its pre-disaster condition. Homeowners or renters may apply for a loan up to \$40,000 to help repair or replace personal property, such as clothing, furniture or automobiles, lost in the disaster.

The SBA may increase a loan up to 20 percent of the total amount of physical loss as verified by SBA to make improvements that protect the property from similar future disasters.

## Economic Injury Disaster Loans

Economic Injury Disaster Loans provide the necessary working capital after a declared disaster until normal operations resume. Small businesses, small agricultural cooperatives, small businesses engaged in aquaculture (fisheries, for example) and most private nonprofit organizations of all sizes are eligible for EIDL assistance, regardless of whether there was any physical damage. The loan limit is \$2 million.

The EIDL helps small businesses meet ordinary and necessary operating expenses as they recover from a disaster. The limit for physical and EIDL loans combined is \$2 million.

The Military Reservists Economic Injury Disaster Loan is a working capital loan for small businesses facing financial loss when the owner or an essential employee is called up to active duty in their role as a military reservist. The loan limit is \$2 million and the business can use the funds to cover operating expenses until the essential employee or business owner is released from active duty.

The SBA can only approve disaster loans to applicants having an acceptable credit history and repayment ability. The terms of each loan are established in accordance with each borrower's ability to repay. The law gives SBA several powerful tools to make disaster loans affordable: low-interest rates (around 4 percent), long-terms (up to 30 years), and refinancing of prior liens (in some cases). As required by law, the interest rate for each loan is based on SBA's determination of whether the





applicant has credit available elsewhere — the ability to borrow or use their own resources to recover from the disaster without causing undue hardship.

More information on all of SBA's disaster assistance programs, including information for military reservists, is available at [www.sba.gov/disaster](http://www.sba.gov/disaster). Apply online using the Electronic Loan Application (ELA) via SBA's secure Website at: <https://disasterloan.sba.gov/ela>.

### Disaster Preparedness

Recovering from a disaster doesn't begin with clearing the debris and returning to work. Imagine stepping into your store, or restaurant, or the office where you run your business, a day or two after the fire has been contained, the tornado has passed, or floodwaters have receded. First come the questions: "How much will it cost to rebuild? Will my insurance cover all this? How will I pay my employees and vendors and cover the bills during the recovery phase?" Before a disaster strikes is a good time to start, or update and test your business continuity plan.

While SBA disaster loans go a long way toward revitalizing communities devastated by the economic fallout that follows disasters, with a solid

preparedness plan in place, your business will be able to recover sooner, possibly without taking on new debt.

Assessing your risks and needs are an important first step in developing your business continuity strategy. The American Red Cross' Ready Rating™ program ([www.readyrating.org](http://www.readyrating.org)) is a free online tool that helps businesses get prepared for disaster and other emergencies. With Ready Rating you can evaluate your level of disaster readiness, and you'll get customized feedback on how to establish or expand your disaster plan.

Another useful site provided by FEMA — Ready.gov ([www.ready.gov](http://www.ready.gov)) — provides practical disaster preparedness tips and checklists for homeowners, renters and businesses. SBA has teamed up with Agility Recovery Solutions to offer business continuity strategies through the "PrepareMyBusiness" website ([www.preparemybusiness.org](http://www.preparemybusiness.org)) and monthly disaster planning webinars. Previous topics — presented by experts in their fields — have included crisis communications, testing the preparedness plan, and using social media to enhance small business recovery. At the website you can sign up for future webinars, view

previous webinars, and download checklists that give you tips on risk assessment, evacuation plans and flood preparedness, that will help you develop a solid business continuity plan.

Meanwhile, here are a few preparedness tips to consider:

- **Review Your Insurance Coverage.** Contact your insurance agent to find out if your coverage is right for your business and make sure you understand the policy limits. Ask about Business Interruption Insurance, which compensates you for lost income and covers operating expenses if your company has to temporarily shut down after a disaster.
- **Establish a solid supply chain.** If all your vital external vendors and suppliers are local and if the disaster is significantly widespread, you'll all be in the same boat, struggling to recover. It's a good idea to diversify your list of vendors for key supplies to companies outside your area or internationally, if possible. Create a contact list for important contractors and vendors you plan to use in an emergency and find out if those suppliers have a recovery plan in place. Keep this list with other documents filed in a place that's accessible, and also at a protected off-site location.
- **Plan for an alternate location.** Do some research well in advance of the disaster for several alternative places to relocate your company in the event a disaster forces you to shut down indefinitely. Some options include contacting a local real estate agent to get a list of available vacant office space. Make an agreement with a neighboring business to share office space if disaster strikes. If possible, make plans for employees to telecommute until the office has been rebuilt.

The financial and emotional cost of rebuilding a business after a disaster can be overwhelming. However, with a business continuity plan in place, you'll be able to rebound and reopen quickly, and in a better position to contribute to the economic recovery of your community.

As small businesses are leading America's economic recovery, many of them are investing time and money into their plans to grow and create jobs. Developing a strong disaster preparedness plan should be a critical and integral piece of those efforts. Planning for a disaster is the best way of limiting its effects.



# ADVOCACY AND OMBUDSMAN

Watching Out for the Interests of Small Businesses



## OFFICE OF ADVOCACY

The SBA's Office of Advocacy, the "small business watchdog" of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, the president and federal appellate courts as friends of the court. The advocacy office compiles and interprets statistics on small business and is the primary entity within the federal government to disseminate small business data.

Headed by the chief counsel for advocacy, the office also funds outside research of small business issues and produces numerous publications to inform policy makers about the important role of small businesses in the economy and the impact of government policies on small businesses. In addition, the office

monitors federal agency compliance with the Regulatory Flexibility Act – the law that requires agencies to analyze the impact of their proposed regulations on small entities (including small businesses, small governmental jurisdictions and small nonprofit organizations), and consider regulatory alternatives that minimize the economic burden on small entities.

Advocacy's mission is enhanced by a team of regional advocates, located in the SBA's 10 regions. They are Advocacy's direct link to small business owners, state and local government entities, and organizations that support the interests of small entities. The regional advocates help identify regulatory concerns of small business by monitoring the impact of federal and state policies at the grassroots level.

Learn more about the Office of Advocacy at [www.sba.gov/advocacy](http://www.sba.gov/advocacy).

## OFFICE OF THE NATIONAL OMBUDSMAN:

*Bringing Fair Regulatory Enforcement to America's Small Businesses*

The National Ombudsman has helped thousands of small businesses save time and money by resolving difficult regulatory compliance and enforcement issues. As part of President Obama's mandate to promote a level playing field for small business, we work directly with federal regulators to facilitate

practical and timely resolutions of Regulatory Enforcement Fairness (REF) matters impacting small businesses.

The National Ombudsman oversees fair enforcement of small business regulation by:

- Providing small business owners a confidential way to report and resolve federal REF problems, like excessive enforcement action or disproportionate fines
- Escalating small business concerns to federal agencies for fairness review & resolution
- Grading federal agencies on their small business policies and practices

Small businesses can connect with the National Ombudsman online at [sba.gov/ombudsman](http://sba.gov/ombudsman), in-person, or through a national network of Regulatory Fairness Board Members. The National Ombudsman meets with small business owners around the country at listening sessions and regulatory fairness dialogues in all ten SBA Regions. These outreach events provide critical, real-time input from the small business community on REF issues impacting small business growth and help federal regulators better understand how government can best support small business success.

Regional Regulatory Fairness Boards in each of SBA's 10 regions promote regulatory fairness by alerting federal regulators to important REF issues such as unintended consequences of a new rule or regulation. These Boards, each made up of five small business owners, also help raise awareness in their communities about resources available to small businesses through the SBA and the National Ombudsman.

Every year, the National Ombudsman reports to Congress its findings on the impact of the policies and practices of every federal agency that touches small business.

To learn more about how the National Ombudsman can help your small business, or to confidentially report a REF issue, call 888-REG-FAIR (888-734-3247) or complete the simple one-page form at [sba.gov/ombudsman/comment](http://sba.gov/ombudsman/comment).



# ADDITIONAL RESOURCES

## Taking Care of Startup Logistics



**E**ven if you are running a small home-based business, you will have to comply with many local, state and federal regulations. Avoid the temptation to ignore regulatory details. Doing so may avert some red tape in the short term, but could be an obstacle as your business grows. Taking the time to research the applicable regulations is as important as knowing your market. Bear in mind that regulations vary by industry. If you're in the food-service business, for example, you will have to deal with the health department. If you use chemical solvents, you will have environmental compliances to meet. Carefully investigate the regulations that affect your industry. Being out of compliance could leave you unprotected legally, lead to expensive penalties and jeopardize your business.

### BUSINESS LICENSES

There are many types of licenses, both state and local as well as professional. Depending on what you do and where you plan to operate, your business may be required to have various state and/or municipal licenses, certificates or permits.

Licenses are typically administered by a variety of state and local departments. Consult your state or local government for assistance.

#### Occupational & Professional Licensing Department of Labor, Licensing and Regulation

Maryland State Board  
500 N. Calvert St., #401  
Baltimore, MD 21202  
410-230-6220  
[www.dllr.state.md.us](http://www.dllr.state.md.us)

#### Health Related Occupations Licensing Department of Health & Mental Hygiene

201 Preston St.  
Baltimore, MD 21201  
877-463-3464  
[www.dhmr.state.md.us](http://www.dhmr.state.md.us)

### FICTITIOUS BUSINESS NAME

Search to determine if the name of your proposed business is already in use. If it is not used, register the name to protect your business. For more information, contact the county clerk's office in the county where your business is based. If you are a corporation, you'll need to check with the state.

#### Maryland Department of Assessments and Taxation

301 W. Preston St., Rm. 809  
Baltimore, MD 21201  
410-767-1184 or 888-246-5941  
[www.dat.state.md.us](http://www.dat.state.md.us)

### BUSINESS INSURANCE

Like home insurance, business insurance protects your business against fire, theft and other losses. Contact your insurance agent or

broker. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, others simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business.

**Liability Insurance** – Businesses may incur various forms of liability in conducting their normal activities. One of the most common types is product liability, which may be incurred when a customer suffers harm from using the product. There are many other types of liability, which are frequently related to specific industries. Liability law is constantly changing. An analysis of your liability insurance needs by a competent professional is vital in determining an adequate and appropriate level of protection for your business.

**Property** – There are many different types of property insurance and levels of coverage available. It is important to determine the property insurance you need to ensure the continuation of your business and the level of insurance you need to replace or rebuild. You should also understand the terms of the insurance, including any limitations or waivers of coverage.

**Business Interruption** – While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or "business income") insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.

**"Key Man"** – If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider "key man" insurance. This type of policy is frequently required by banks or government loan programs. It also can be used to provide continuity of operations during a period of ownership transition caused by the



death, incapacitation or absence due to a Title 10 military activation of an owner or other “key” employee.

**Automobile** – It is obvious that a vehicle owned by your business should be insured for both liability and replacement purposes. What is less obvious is that you may need special insurance (called “non-owned automobile coverage”) if you use your personal vehicle on company business. This policy covers the business’ liability for any damage which may result from such usage.

**Officer and Director** – Under most state laws, officers and directors of a corporation may become personally liable for their actions on behalf of the company. This type of policy covers this liability.

**Home Office** – If you are establishing an office in your home, it is a good idea to contact your homeowners’ insurance company to update your policy to include coverage for office equipment. This coverage is not automatically included in a standard homeowner’s policy.

## TAXES

Taxes are an important and complex aspect of owning and operating a successful business. Your accountant, payroll person, or tax adviser may be very knowledgeable, but there are still many facets of tax law that you should know. The Internal Revenue Service is a great source for tax information. Small Business/Self-Employed Tax Center: [www.irs.gov/Businesses/Small-Businesses-&Self-Employed](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed).

When you are running a business, you don’t need to be a tax expert. However, you do need to know some tax basics. The IRS Small Business/Self-Employed Tax Center gives you the information you need to stay tax compliant so your business can thrive.

For Small Business Forms and Publications visit: [www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Forms-and-Publications](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Forms-and-Publications).

## FEDERAL PAYROLL TAX (EIN NUMBERS)

An Employer Identification Number (EIN), also known as a Federal Employer Identification Number (FEIN), is used to identify a business entity. Generally, businesses need an EIN to pay federal withholding tax.

You may apply for an EIN in various ways, one of which is to apply online

at [www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Employer-ID-Numbers-EINs](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Employer-ID-Numbers-EINs). This is a free service offered by the Internal Revenue Service.

Call 800-829-1040 if you have questions. You should check with your state to determine if you need a state number or charter.

## FEDERAL SELF-EMPLOYMENT TAX

Every employee must pay Social Security and Medicare taxes. If you are self-employed, your contributions are made through the self-employment tax.

The IRS has publications, counselors and workshops available to help you sort it out. For more information, contact the IRS at 800-829-1040 or [www.irs.gov](http://www.irs.gov).

## SALES TAX EXEMPTION CERTIFICATE

If you plan to sell products, you will need a Sales Tax Exemption Certificate. It allows you to purchase inventory, or materials, which will become part of the product you sell, from suppliers without paying taxes. It requires you to charge sales tax to your customers, which you are responsible for remitting to the state. You will have to pay penalties if it is found that you should have been taxing your products and now owe back taxes to the state. For information on sales tax issues, contact your state government.

## FEDERAL INCOME TAX

Like the state income tax, the method of paying federal income taxes depends upon your legal form of business.

**Sole Proprietorship:** You must file IRS Federal Form Schedule C along with your personal Federal Income Tax return (Form 1040) and any other applicable forms pertaining to gains or losses in your business activity.

**Partnership:** You must file a Federal Partnership return (Form 1065). This is merely informational to show gross and net earnings of profit and loss. Also, each partner must report his share of partnership earnings on his individual Form 1040 based on the information from the K-1 filed with the Form 1065.

**Corporation:** You must file a Federal Corporation Income Tax return (Form 1120). You will also be

required to report your earnings from the corporation including salary and other income such as dividends on your personal federal income tax return (Form 1040).

## FEDERAL PAYROLL TAX

**Federal Withholding Tax:** Any business employing a person must register with the IRS and acquire an EIN and pay federal withholding tax at least quarterly. File Form SS-4 with the IRS to obtain your number and required tax forms. Call 800-829-3676 or 800-829-1040 if you have questions.

## IRS WEB PRODUCTS FOR SMALL BUSINESSES

For the most timely and up-to-date tax information, go to [www.irs.gov](http://www.irs.gov).

## VIRTUAL SMALL BUSINESS WORKSHOP

[www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Self-Employed-Virtual-Small-Business-Tax-Workshop](http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Small-Business-Self-Employed-Virtual-Small-Business-Tax-Workshop)

The Virtual Small Business Tax Workshop is the first of a series of video products designed exclusively for small business taxpayers. This workshop helps business owners understand federal tax obligations. The Virtual Small Business Workshop is available on CD at [www.irs.gov/businesses/small/article/0,,id=101169,00.html](http://www.irs.gov/businesses/small/article/0,,id=101169,00.html) if you are unable to attend a workshop in person. Small business workshops are designed to help the small business owner understand and fulfill their federal tax responsibilities. Workshops are sponsored and presented by IRS partners who are federal tax specialists.

Workshop topics vary from a general overview of taxes to more specific topics such as recordkeeping and retirement plans. Although most are free, some workshops have fees associated with them. Fees for a workshop are charged by the sponsoring organization, not the IRS.

The IRS’s Virtual Small Business Tax Workshop is an interactive resource to help small business owners learn about their federal tax rights and responsibilities. This educational product, available online and on CD consists of nine stand-alone lessons that can be selected and viewed in any sequence. A bookmark feature makes it possible to leave and return



to a specific point within the lesson. Users also have access to a list of useful online references that enhance the learning experience by allowing them to view references and the video lessons simultaneously.

The Tax Calendar for Small Businesses and Self-Employed (Publication 1518) [www.irs.gov/businesses/small/article/0,,id=101169,00.html](http://www.irs.gov/businesses/small/article/0,,id=101169,00.html) .html contains useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying options, retirement plans, business publications and forms, common tax filing dates, and federal legal holidays.

## SOCIAL SECURITY CARDS

All employees must have a Social Security number and card. It must be signed by its owner, and you should always ask to see and personally record the Social Security number. Failure to do so may cause your employee to lose benefits and considerable trouble for yourself in back tracking to uncover the error.

Each payday, your employees must receive a statement from you telling them what deductions were made and how many dollars were taken out for each legal purpose. This can be presented in a variety of ways, including on the check as a detachable portion or in the form of an envelope with the items printed and spaces for dollar deductions to be filled in.

## EMPLOYEE CONSIDERATIONS

### Taxes

If you have any employees, including officers of a corporation but not the sole proprietor or partners, you must make periodic payments towards, and/or file quarterly reports about payroll taxes and other mandatory deductions. You may contact these government agencies for information, assistance and forms.

#### Social Security Administration

800-772-1213  
[www.ssa.gov](http://www.ssa.gov)

#### Social Security's Business Services Online

The Social Security Administration now provides free electronic services online at [www.socialsecurity.gov/employer/](http://www.socialsecurity.gov/employer/). Once registered for Business Services Online, business owners or their authorized representative can:

- file W-2s online; and
- verify Social Security numbers

through the Social Security Number Verification Service, used for all employees prior to preparing and submitting Forms W-2.

#### Federal Withholding

U.S. Internal Revenue Service  
800-829-1040  
[www.irs.gov](http://www.irs.gov)

#### Health Insurance

Compare plans in your area at [www.healthcare.gov](http://www.healthcare.gov).

#### Employee Insurance

If you hire employees you may be required to provide unemployment or workers' compensation insurance.

#### Department of Labor Licensing & Regulations

Division of Employment and Training,  
Unemployment Insurance  
410-949-0033 or 800-492-5524  
<http://www.dlir.maryland.gov>

## WORKPLACE DISABILITY PROGRAMS

Americans with Disabilities Act (ADA): For assistance with the ADA, call 800-669-3362 or visit [www.ada.gov](http://www.ada.gov).

## U.S. CITIZENSHIP AND IMMIGRATION SERVICES

The Federal Immigration Reform and Control Act of 1986 requires employers to verify employment eligibility of new employees. The law obligates an employer to process Employment Eligibility Verification Form I-9. The U.S. Citizenship and Immigration Services Office of Business Liaison offers a selection of information bulletins and live assistance through the Employer Hotline. For forms call 800-870-3676, for the Employer Hotline call 800-357-2099.

#### E-Verify: Employment Eligibility Verification

E-Verify, operated by the Department of Homeland Security in partnership with the Social Security Administration, is the best — and quickest — way for employers to determine the employment eligibility of new hires. It is a safe, simple, and secure Internet-based system that electronically verifies the Social Security number and employment eligibility information reported on Form I-9. E-Verify is voluntary in most states and there is no charge to use it.

If you are an employer or employee and would like more information about the E-Verify program, please visit [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify) or contact Customer Support staff: 1-888-464-4218 Monday – Friday 8 a.m. – 5 p.m. E-mail: [e-verify@dhs.gov](mailto:e-verify@dhs.gov)

## SAFETY AND HEALTH REGULATIONS

All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. The Occupational Safety and Health Administration provides information on the specific health and safety standards adopted by the U.S. Department of Labor. Call 1-800-321-6742 or visit [www.osha.gov](http://www.osha.gov).

#### Maryland Occupational Safety & Health

10946 Golden West Dr., #160  
Hunt Valley, MD 21031  
410-527-4499  
[www.dlir.state.md.us/labor/mosh](http://www.dlir.state.md.us/labor/mosh)

#### Federal Occupational Safety & Health Administration

Department of Labor  
200 Constitution Ave. N.W.  
Washington, DC 20210  
[www.osha.gov](http://www.osha.gov)  
800-321-6742

#### Maryland Department of the Environment

1800 Washington Blvd.  
Baltimore, MD 21230  
410-537-3000  
[www.mde.state.md.us](http://www.mde.state.md.us)

## BUILDING CODES, PERMITS AND ZONING

It is important to consider zoning regulations when choosing a site for your business. You may not be permitted to conduct business out of your home or engage in industrial activity in a retail district. Contact the business license office in the city or town where the business is located.

## BAR CODING

Many stores require bar coding on packaged products. Many industrial and manufacturing companies use bar coding to identify items they receive and ship. There are several companies that can assist businesses with bar-coding needs. You may want to talk with an SBDC, SCORE or WBC counselor for more information.

## Federal Registration of Trademarks and Copyrights

Trademarks or service marks are words, phrases, symbols, designs or combinations thereof that identify and distinguish the source of goods. Trademarks may be registered at both the state and federal level. To register a federal trademark, contact:

### U.S. Patent and Trademark Office

P.O. Box 1450  
Alexandria, VA 22313-1450  
800-786-9199  
[www.uspto.gov/](http://www.uspto.gov/)

**Trademark Information Hotline**  
703-308-9000

## STATE REGISTRATION OF A TRADEMARK

Trademarks and service marks may be registered in a state.

### Secretary of State

16 Francis St.  
Annapolis, MD 21401  
410-974-5521 ext. 2  
[www.sos.state.md.us](http://www.sos.state.md.us)

**Caution:** Federally registered trademarks may conflict with and supersede state registered business and product names.

## Patents

A patent is the grant of a property right to the inventor by the U.S. Patent and Trademark Office. It provides the owner with the right to exclude others from making, using, offering for sale or selling the patented item in the United States.

Additional information is provided in the publications, General Information Concerning Patents and other publications distributed through the U.S. Patent and Trademark Office. For more information, contact the:

### U.S. Patent and Trademark Office

800-786-9199 • [www.uspto.gov](http://www.uspto.gov)

## Copyrights

Copyrights protect original works of authorship including literary, dramatic, musical and artistic, and certain other intellectual works. Copyrights do not protect facts, ideas and systems, although it may protect the way these things are expressed. For general information contact:

### U.S. Copyright Office

U.S. Library of Congress  
James Madison Memorial Building  
Washington, DC 20559  
202-707-9100 - Order Line  
202-707-3000 - Information Line  
[www.copyright.gov](http://www.copyright.gov)

## BUSINESS ORGANIZATION: Choosing Your Business Structure

There are many forms of legal structure you may choose for your business. Each legal structure offers organizational options with different tax and liability issues. We suggest you research each legal structure thoroughly and consult a tax accountant and/or attorney prior to making your decision.

The most common organizational structures are sole proprietorships, general and limited partnerships and limited liability companies.

Each structure offers unique tax and liability benefits. If you're uncertain which business format is right for you, you may want to discuss options with a business counselor or attorney.

### Sole Proprietorship

One person operating a business as an individual is a sole proprietorship. It's the most common form of business organization. Profits are taxed as income to the owner personally. The personal tax rate is usually lower than the corporate tax rate. The owner has complete control of the business, but faces unlimited liability for its debts. There is very little government regulation or reporting required with this business structure.

### General Partnership

A partnership exists when two or more persons join together in the operation and management of a business. Partnerships are subject to relatively little regulation and are fairly easy to establish. A formal partnership agreement is recommended to address potential conflicts such as: who will be responsible for performing each

task; what, if any, consultation is needed between partners before major decisions, and what happens when a partner dies. Under a general partnership each partner is liable for all debts of the business. Profits are taxed as income to the partners based on their ownership percentage.

### Limited Partnership

Like a general partnership, a limited partnership is established by an agreement between two or more persons. However, there are two types of partners.

- A general partner has greater control in some aspects of the partnership. For example, only a general partner can decide to dissolve the partnership. General partners have no limits on the dividends they can receive from profit so they incur unlimited liability.
- Limited partners can only receive a share of profits based on the proportional amount of their investment, and liability is similarly limited in proportion to their investment.

### LLCs and LLPs

The limited liability company or partnership is a relatively new business form. It combines selected corporate and partnership characteristics while still maintaining status as a legal entity distinct from its owners. As a separate entity it can acquire assets, incur liabilities and conduct business. It limits liability for the owners. The limited liability partnership is similar to the LLC, but it is for professional organizations.

## Maryland New Hire Registry

Federal and State law requires all employers to report newly hired and re-hired employees in Maryland to the Maryland New Hire Registry, a state directory, within 20 days of their hire date. As of July 1, 1997, all employers and/or labor organizations in the State of Maryland who are covered by the Maryland Unemployment Insurance law are required to report new employees to the Registry.

### Maryland New Hire Registry

P.O. Box 1316  
Baltimore, MD 21203-1316  
888-634-4737  
[www.mdnewhire.com](http://www.mdnewhire.com)

# OTHER ASSISTANCE

## OTHER SOURCES OF ASSISTANCE

### County Economic Development Organizations

Economic development organizations offer a wide array of programs and services for new businesses as well as for companies in need of expansion or relocation assistance. Typical services provided by these organizations include site location, tax incentives and loan packages. For more information contact the economic development organization in the geographic area of your interest.

**ALLEGANY COUNTY**  
**DEPT. OF ECONOMIC DEVELOPMENT**  
701 Kelly Rd., Ste. 400  
Cumberland, MD 21502  
301-777-5967 • 301-777-2194 F  
[www.alleganyworks.org](http://www.alleganyworks.org)

**ANNE ARUNDEL COUNTY**  
**ANNE ARUNDEL ECONOMIC DEVELOPMENT CORP.**  
2660 Riva Rd., Ste. 200  
Annapolis, MD 21401  
410-222-7410 • 410-222-7415 F  
[www.aedc.org](http://www.aedc.org)

**BALTIMORE CITY**  
**BALTIMORE DEVELOPMENT CORPORATION**  
36 S. Charles St., Ste. 1600  
Baltimore, MD 21201  
410-837-9305 • 410-837-6363 F  
[www.baltimoredevelopment.com](http://www.baltimoredevelopment.com)

**BALTIMORE COUNTY**  
**DEPT. OF ECONOMIC DEVELOPMENT**  
Court House Mezzanine  
400 Washington Ave., #100  
Towson, MD 21204  
410-887-8000 • 410-887-8017 F  
[www.baltimorecountymd.gov](http://www.baltimorecountymd.gov)

**CALVERT COUNTY**  
**DEPT. OF ECONOMIC DEVELOPMENT**  
Calvert County Courthouse  
205 Main St., 2nd Fl.  
Prince Frederick, MD 20678  
410-535-4583 • 410-535-4585 F  
[www.co.cal.md.us](http://www.co.cal.md.us)

**CAROLINE COUNTY**  
**CAROLINE ECONOMIC DEVELOPMENT CORPORATION**  
317 Carter Ave., Ste. 107  
Denton, MD 21629  
410-479-4188 • 410-479-4061 F  
[www.carolinebusiness.com](http://www.carolinebusiness.com)

**CARROLL COUNTY**  
**DEPT. OF ECONOMIC DEVELOPMENT**  
225 N. Center St., Ste. 101  
Westminster, MD 21157  
410-386-2070 • 410-876-8471 F  
[www.carrollbiz.org](http://www.carrollbiz.org)

**CECIL COUNTY**  
**OFFICE OF ECONOMIC DEVELOPMENT**  
200 Chesapeake Blvd., #2700  
Elkton, MD 21921  
410-996-6292 • 410-996-6279 F  
[www.ccgov.org](http://www.ccgov.org)

**CHARLES COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT**  
10665 Stanhaven Pl., #206  
White Plains, MD 20695  
301-885-1340 • 301-885-1341 F  
[www.meetcharlescounty.com](http://www.meetcharlescounty.com)

**DORCHESTER COUNTY**  
**OFFICE OF ECONOMIC DEVELOPMENT**  
5263 Bucktown Rd.  
Cambridge, MD 21613  
410-228-0155 • 410-228-9518 F  
[www.choosedorchester.org](http://www.choosedorchester.org)

**FREDERICK COUNTY**  
**OFFICE OF ECONOMIC DEVELOPMENT**  
118 N. Market St.  
Frederick, MD 21701  
301-600-1058 • 301-631-2340 F  
[www.discoverfrederickmd.com](http://www.discoverfrederickmd.com)

**GARRETT COUNTY**  
**ECONOMIC DEVELOPMENT**  
203 S. Fourth St., Rm. 208  
Oakland, MD 21550  
301-334-1921 • 301-334-1985 F  
[www.gcedonline.com](http://www.gcedonline.com)

**HARFORD COUNTY**  
**OFFICE OF ECONOMIC DEVELOPMENT**  
2021 Pulaski Hwy., Ste. D  
Havre de Grace, MD 21078  
410-638-3059 • 410-879-8043 F  
[www.harfordbusiness.org](http://www.harfordbusiness.org)

**HOWARD COUNTY**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
6751 Columbia Gateway Dr., Ste. 500  
Columbia, MD 21046  
410-313-6500 • 410-313-6525 F  
[www.hceda.org](http://www.hceda.org)

**KENT COUNTY**  
**ECONOMIC DEVELOPMENT OFFICE**  
400 High St.  
Chestertown, MD 21620  
410-778-4600 • 410-778-7482 F  
[www.kentcounty.com](http://www.kentcounty.com)

**MONTGOMERY COUNTY**  
**DEPT. OF ECONOMIC DEVELOPMENT**  
111 Rockville Pike, Ste. 800  
Rockville, MD 20850  
240-777-2000 • 240-777-2001 F  
[www.co.mo.md.us](http://www.co.mo.md.us)

**PRINCE GEORGE'S COUNTY**  
**ECONOMIC DEVELOPMENT CORP.**  
1801 McCormick Dr., Ste. 350  
Largo, MD 20774  
301-583-4650  
[www.pgcedc.com](http://www.pgcedc.com)

**QUEEN ANNE'S COUNTY**  
**DEPT. OF BUSINESS & TOURISM**  
425 Piney Narrows Rd.  
Chester, MD 21619  
410-604-2100 • 410-604-2101 F  
[www.qac.org](http://www.qac.org)

**ST. MARY'S COUNTY**  
**DEPT. OF ECONOMIC & COMMISSION DEVELOPMENT**  
23115 Leonard Hall Dr./P.O. Box 653  
Leonardtown, MD 20650  
301-475-4200 • 301-475-4414 F  
[www.co.saint-marys.md.us](http://www.co.saint-marys.md.us)

**SOMERSET COUNTY**  
**ECONOMIC DEV. COMMISSION**  
11916 Somerset Ave., Ste. 202  
Princess Anne, MD 21853  
410-651-0500 • 410-651-3836 F  
[www.co.somerset.md.us](http://www.co.somerset.md.us)

**TALBOT COUNTY**  
**OFFICE OF ECONOMIC DEVELOPMENT**  
215 Bay St., Ste. 5  
Easton, MD 21601  
410-770-8058 • 410-770-8059 F  
[www.talbotcountymd.gov](http://www.talbotcountymd.gov)

**HAGERSTOWN-WASHINGTON COUNTY**  
**ECONOMIC DEV. COMMISSION**  
100 W. Washington St., Rm. 103  
Hagerstown, MD 21740  
240-313-2280 • 240-313-2281 F  
[www.hagerstownedc.org](http://www.hagerstownedc.org)

**SALISBURY-WICOMICO COUNTY**  
**ECONOMIC DEVELOPMENT, INC.**  
One Plaza E., Ste. 501/P.O. Box 4700  
Salisbury, MD 21803  
410-749-1251 • 410-749-1252 F  
[www.swed.org](http://www.swed.org)

**WORCESTER COUNTY**  
**DEPT. OF ECONOMIC DEVELOPMENT**  
100 Pearl St., Ste. B  
Snow Hill, MD 21863  
410-632-3112 • 410-632-5631 F  
[www.co.worcester.md.us](http://www.co.worcester.md.us)

### Small Business Resource Centers

**BALTIMORE CITY**  
Baltimore City Small Business Resource Center  
Johns Hopkins Eastern Campus  
1101 E. 33rd St., Ste. C307-308  
Baltimore, MD 21218  
443-451-7160  
[www.sbrcbaltimore.com](http://www.sbrcbaltimore.com)  
Monday - Friday 9am - 4pm  
SCORE & SBDC by appointment

**BALTIMORE COUNTY**  
102 W. Pennsylvania Ave., Ste. 101  
Towson, MD 21204  
410-825-6200  
Monday - Friday 8am - 5pm  
SCORE & SBDC by appointment

**HARFORD COUNTY**  
Harford Community College  
401 Thomas Run Rd.  
Bel Air, MD 21015  
410-836-4237  
Monday - Friday 8am - 5pm  
SCORE & SBDC by appointment

**HOWARD COUNTY**  
9250 Bendix Rd. N.  
Columbia, MD 21045  
410-313-6550  
Monday - Friday 8am - 5pm  
SCORE & SBDC by appointment

**MONTGOMERY COUNTY**  
Rockville Library  
99 Maryland Ave.  
Rockville, MD 20850  
240-777-2041  
Monday - Friday 9am - 5pm  
SBDC by appointment

**ST. MARY'S COUNTY**  
21795 Shangri-La Dr., Ste. D1  
Lexington Park, MD 20653  
301-866-1293  
Monday - Friday 9am - 5pm  
SBDC by appointment

### Governor's Office of Minority Affairs (OMA)

OMA is a cabinet-level state office dedicated to the needs of Maryland's minority business owners. By law, Maryland must award 25 percent of its procurement dollars to minority businesses. In addition to helping minority businesses navigate Maryland's complex certification and procurement processes, OMA is responsible for monitoring the state's compliance with the laws and regulations governing the Minority Business Program.

**GOVERNOR'S OFFICE OF MINORITY AFFAIRS**  
6 Saint Paul St., Ste. 1502  
Baltimore MD 21202  
410-767-8232 or 877-558-0998  
[www.mdminoritybusiness.com](http://www.mdminoritybusiness.com)

### Maryland Department of Business and Economic Development (DBED)

Maryland's one-stop economic development shop strives to attract new businesses, stimulate private investment, encourage the expansion and retention of existing companies and provide Maryland business with workforce training and financial assistance. The Department markets local products and services at home and abroad. Key programs and services: Business information and economic analysis; Site location services for relocations and expansions; Incentive tax credits and training grants; Finance and training programs; Consulting services; Foreign direct investment promotion; Export assistance and American Recovery and Reinvestment Act assistance.



# OTHER ASSISTANCE

For more information or to contact a DBED representative in your area, contact:

## WORLD TRADE CENTER

401 East Pratt St.  
Baltimore, MD 21202  
410-767-6300 or 888-ChooseMD  
www.choosemaryland.org

## The Maryland Technology Development Corporation

The Maryland Technology Development Corporation (TEDCO), an independent entity, was established by the Maryland General Assembly in 1998. TEDCO connects emerging technology companies with federal laboratories, research universities, business incubators and specialized technical assistance. Governed by a 15-member Board, appointed by the Governor with advice and consent of the Senate, the Board is comprised of leaders in the State's technology community and contains representatives from these sectors: private, university, nonprofit and public. TEDCO's role is to be Maryland's leading source of funding for seed capital and entrepreneurial business assistance for the development, transfer and commercialization of technology.

TEDCO provides funding through the University Technology Development Fund, the Maryland Technology Transfer Fund, and the TechStart Program. TEDCO also provides a variety of assistance programs for entrepreneurial development including the Maryland Rural Business Innovation Initiative (RBI2), the Maryland Minority R&D Initiative, Business Assistance for Incubator Companies, the Working Capital Loan Fund, and feasibility study and capital projects through the Incubator Development Fund.

For more information on the Maryland Technology Development Corporation, call 410-740-9442 or log onto [www.marylandtedco.org](http://www.marylandtedco.org).

## Maryland Department of Housing & Community Development

DHCD offers financial assistance to housing developers and small businesses in locally designated revitalization areas and provides incentives such as tax credits for private investment in these areas. Funds are also available to assist community revitalization activities that protect and enhance historic resources, as well as maintain and improve existing residential and commercial structures.

For more information on MD DHCD programs, visit their website at: [www.mdhousing.org](http://www.mdhousing.org)

### MD DHCD

7800 Harkins Rd.  
Lanham, MD 20706  
301-429-7400  
[www.mdhousing.org](http://www.mdhousing.org)

## Maryland Department of the Environment (MDE) Customer Service Center

The Customer Service Center (CSC) is the one-stop customer service arm for MDE. CSC staff can help businesses determine their permit requirements and help them navigate to the appropriate programs within the Department. The CSC also has responsibility for the Department's Small Business Assistance Program, including the Department's Small Business Ombudsman, and the Pollution Prevention Program. For assistance, please call 410-537-3772.

## Pollution Prevention

The Pollution Prevention Program in the Customer Service Center provides pollution prevention information and assistance to businesses. It also makes available free, on-site pollution prevention opportunity assessments through the University of MD Technology Extension Service. Call 410-537-3772 for assistance.

## Small Business Assistance Program

The Small Business Assistance Program (SBAP) provides compliance and permitting assistance to small businesses for air, waste and water issues. The SBAP also coordinates the MDE's small business loan program for the upgrade or replacement of air pollution control equipment. The loans are limited to companies with 25 or fewer full time employees. Call 410-537-3772 for assistance.

## Chambers of Commerce

Chambers of Commerce serve as a central location where the local small business community may obtain information, publications and contact information.

### STATEWIDE:

#### MARYLAND CHAMBER OF COMMERCE

60 West St., Ste. 100  
Annapolis, MD 21401  
410-269-0642 or 301-261-2858  
410-269-5247 F  
[www.mdchamber.org](http://www.mdchamber.org)

#### MARYLAND HISPANIC CHAMBER OF COMMERCE

410-931-8100  
[www.mdhcc.org](http://www.mdhcc.org)  
[customerservice@mdhcc.org](mailto:customerservice@mdhcc.org)

### REGIONAL:

#### GREATER BALTIMORE COMMITTEE

111 S. Calvert St., Ste. 1700  
Baltimore, MD 21202  
410-727-2820 • 410-539-5705 F  
[www.gbc.org](http://www.gbc.org)  
[info@gbc.org](mailto:info@gbc.org)

#### GREATER WASHINGTON BOARD OF TRADE

1725 I St. N.W., Ste. 200  
Washington, DC 20006  
202-857-5900 • 202-223-2648 F  
[www.bot.org](http://www.bot.org)  
[info@bot.org](mailto:info@bot.org)

#### BALTIMORE/WASHINGTON CORRIDOR CHAMBER OF COMMERCE

312 Marshall Ave., Ste. 104  
Laurel, MD 20707  
301-725-4000 or 410-792-9714  
301-725-0776 F  
[bwcc@bwcc.org](mailto:bwcc@bwcc.org)  
[www.bwcc.org](http://www.bwcc.org)

#### ALLEGANY COUNTY:

#### ALLEGANY COUNTY CHAMBER OF COMMERCE

24 Frederick St., Bell Tower Bldg.  
Cumberland, MD 21502  
301-722-2820 • 301-722-5995 F  
[www.alleganycountycommerce.com](http://www.alleganycountycommerce.com)  
[info@alleganycountycommerce.com](mailto:info@alleganycountycommerce.com)

#### ANNE ARUNDEL COUNTY:

#### ANNAPOLIS & ANNE ARUNDEL COUNTY CHAMBER OF COMMERCE

134 Holiday Court, #316  
Annapolis, MD 21401  
410-266-3960 • 410-266-8270 F  
[info@aaaccc.org](mailto:info@aaaccc.org)  
[www.annapolischamber.com](http://www.annapolischamber.com)

#### BWI BUSINESS PARTNERSHIP, INC.

1302 Concourse Dr., Ste. 105  
Linthicum Heights, MD 21090  
410-859-1000 • 410-859-5917 F  
[connect@bwipartner.org](mailto:connect@bwipartner.org)  
[www.bwipartner.org](http://www.bwipartner.org)

#### GREATER CROFTON CHAMBER OF COMMERCE

P.O. Box 4146  
Crofton, MD 21114  
410-721-9131 • 410-721-0782 F  
[www.croftonchamber.com](http://www.croftonchamber.com)  
[info@croftonchamber.com](mailto:info@croftonchamber.com)

#### GREATER SEVERNA PARK CHAMBER OF COMMERCE

1 Holly Ave.  
Severna Park, MD 21146  
410-647-3900 • 410-647-3999 F  
[www.severnaparkchamber.com](http://www.severnaparkchamber.com)  
[info@severnaparkchamber.com](mailto:info@severnaparkchamber.com)

Meet Dan.

Dan is one of thousands of small business owners that need YOUR products and service

Small Business Resource magazine is distributed to small business owners, providing information on lending services, and solutions that help small business owners start and expand their businesses.

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Small business owners like Dan need to...

- Hire new staff
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- Purchase a sign
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- Develop a website
- Hire a lawyer
- Find an accountant
- Purchase office equipment
- Buy office furniture
- Lease or purchase vehicles
- Find insurance
- Open a bank account

...and they start their search in this magazine!

# OTHER ASSISTANCE

## NORTHERN ANNE ARUNDEL COUNTY CHAMBER OF COMMERCE

7439 Baltimore Annapolis Blvd.  
Glen Burnie, MD 21061  
410-766-8282 • 410-766-5722 F  
info@naaccc.com  
www.naaccc.com

## SOUTHERN ANNE ARUNDEL CHAMBER OF COMMERCE

5503 Muddy Creek Rd.  
Churchton, MD 20733  
410-867-3129 • 410-867-3556 F  
southcounty@toad.net  
www.southcounty.org

## WEST ANNE ARUNDEL COUNTY CHAMBER OF COMMERCE

8385 Piney Orchard Pkwy.  
Odenton, MD 21113  
410-672-3422 • 410-672-3475 F  
info@westcountychamber.org  
www.westcountychamber.org

## BALTIMORE CITY:

### BALTIMORE CITY CHAMBER OF COMMERCE

P.O. Box 4483  
Baltimore, MD 21201  
410-837-7101 • 410-837-7104 F  
www.baltimorecitychamber.org  
charlieo@baltimorecitychamber.org

### BALTIMORE HISPANIC CHAMBER

102 W. Pennsylvania Ave., #101  
Towson, MD 21204  
443-200-0055  
www.bhcc.us  
bmorehispanicchamber@gmail.com

### GREATER BLACK BALTIMORE CHAMBER OF COMMERCE

1518 W. Pratt St.  
Baltimore, MD 21223  
P.O. Box 1251  
Ellicott City, MD 21041  
443-296-2422  
www.greaterbaltimorechamber.com  
info@greaterbaltimorechamber.com

## BALTIMORE COUNTY:

### BALTIMORE COUNTY CHAMBER OF COMMERCE

102 W. Pennsylvania Ave., Ste. 101  
Towson, MD 21204  
410-825-6200 • 410-821-9901 F  
info@baltcountyycc.com  
www.baltcountyycc.com

### CHESAPEAKE GATEWAY CHAMBER OF COMMERCE

405 Williams Ct., Ste. 108  
Baltimore, MD 21220  
443-317-8763  
info@emrchamber.org  
www.emrchamber.org

## GREATER CATONSVILLE CHAMBER OF COMMERCE

924 Frederick Rd.  
Catonville, MD 21228  
410-719-9609 • 410-744-6127 F  
chamber@catonsville.org  
www.catonsville.org

## PIKESVILLE CHAMBER OF COMMERCE

7 Church Ln., Ste. 14  
Baltimore, MD 21208  
410-484-2337 • 410-484-4151 F  
info@pikesvillechamber.org  
www.pikesvillechamber.org

## REISTERSTOWN/OWINGS MILLS/GLYNDON CHAMBER OF COMMERCE

25B Main St.  
Reisterstown, MD 21136  
410-702-7073  
romg@romgchamber.com  
www.romgchamber.com

## TOWSON CHAMBER OF COMMERCE

44 W. Chesapeake Ave.  
Towson, MD 21204  
410-825-1144 • 410-832-5863 F  
info@towsonchamber.com  
www.towsonchamber.com

## CALVERT COUNTY:

### CALVERT COUNTY CHAMBER OF COMMERCE

120 Dares Beach Rd./P.O. Box 9  
Prince Frederick, MD 20678  
410-535-2577 • 410-257-3140 F  
info@calvertchamber.org  
www.calvertchamber.org

## CAROLINE COUNTY:

### CAROLINE COUNTY CHAMBER OF COMMERCE, INC.

24820 Meeting House Rd., Ste. 113  
Denton, MD 21629  
410-479-4638 • 410-479-4862 F  
www.carolinechamber.org  
info@carolinechamber.org

## CARROLL COUNTY:

### CARROLL COUNTY CHAMBER OF COMMERCE

9 E. Main St., Ste. 105  
Westminster, MD 21157  
410-848-9050 • 410-876-1023 F  
info@carrollcountychamber.org  
www.carrollcountychamber.org

## TANEYTOWN CHAMBER OF COMMERCE

24 E. Baltimore St./P.O. Box 18  
Taneytown, MD 21787-2104  
410-756-4234 • 410-756-4234 F  
www.taneytownchamber.org  
biz@taneytownchamber.org

## CECIL COUNTY:

### CECIL COUNTY CHAMBER OF COMMERCE

106 E. Main St., Ste. 101A  
Elkton, MD 21921  
410-392-3833 • 410-392-6225 F  
info@cecilchamber.com  
www.cecilchamber.com

### ELKTON ALLIANCE, INC. (GREATER ELKTON CHAMBER)

101 E. Main St.  
Elkton, MD 21921  
410-398-5076 • 410-398-4971 F  
www.elktonalliance.org  
info@elktonalliance.org

## NORTH EAST CHAMBER OF COMMERCE

P.O. Box 609  
North East, MD 21901-0198  
410-287-2658 • 410-287-2571 F  
info@northeastchamber.org  
www.northeastchamber.org

## CHARLES COUNTY:

### CHARLES COUNTY CHAMBER OF COMMERCE

101 Centennial St., Ste. A  
La Plata, MD 20646  
301-932-6500 or 301-870-3089  
301-932-3945 F  
info@charlescountychamber.org  
www.charlescountychamber.org

## DORCHESTER COUNTY:

### DORCHESTER COUNTY CHAMBER OF COMMERCE

528 Poplar St.  
Cambridge, MD 21613  
410-228-3575 • 410-228-6848 F  
info@dorchesterchamber.org  
www.dorchesterchamber.org

## FREDERICK COUNTY:

### FREDERICK COUNTY CHAMBER OF COMMERCE

8420-B Gas House Pike  
Frederick, MD 21701  
301-662-4164 • 301-846-4427 F  
info@frederickchamber.org  
www.frederickchamber.org  
GARRETT COUNTY:

### GARRETT COUNTY CHAMBER OF COMMERCE

15 Visitors Center Dr.  
McHenry, MD 21541  
301-387-4386 • 301-387-2080 F  
info@visitdeepcreek.com  
www.visitdeepcreek.com

## HARFORD COUNTY:

### HARFORD COUNTY CHAMBER OF COMMERCE

108 S. Bond St.  
Bel Air, MD 21014  
410-838-2020 • 410-893-4715 F  
info@harfordchamber.org  
www.harfordchamber.org

## ABERDEEN CHAMBER OF COMMERCE

18 Howard St.  
Aberdeen, MD 21001  
410-272-2580 • 410-272-9357 F  
www.aberdeenc.com

## GREATER HAVRE DE GRACE CHAMBER OF COMMERCE

450 Pennington Ave.  
Havre de Grace, MD 21078  
410-939-3303 • 410-939-3490 F  
hdegchamber1@comcast.net  
www.hdgchamber.com

## HOWARD COUNTY:

### HOWARD COUNTY CHAMBER OF COMMERCE

5560 Sterrett Pl., Ste. 105  
Columbia, MD 21044  
410-730-4111 • 410-730-4584 F  
info@howardchamber.com  
www.howardchamber.com

## KENT COUNTY:

### KENT COUNTY CHAMBER OF COMMERCE, INC.

122 N. Cross St.  
Chestertown, MD 21620  
410-810-2968 • 410-778-1406 F  
kentchamber@verizon.net  
www.kentchamber.org

## MONTGOMERY COUNTY:

### EASTERN MONTGOMERY COUNTY CHAMBER

P.O. Box 144  
Burtonsville, MD 20866  
301-421-4529

### MONTGOMERY COUNTY CHAMBER OF COMMERCE

51 Monroe St., Ste. 1800  
Rockville, MD 20850  
301-738-0015 • 301-738-8792 F  
info@montgomerycountychamber.com  
www.montgomerycountychamber.com

### HISPANIC CHAMBER OF COMMERCE OF MONTGOMERY COUNTY

4833 Rugby Ave., Ste. 500A  
Bethesda, MD 20814  
301-842-4226  
info@hccmc.org  
www.hccmc.org

# OTHER ASSISTANCE

## MID-ATLANTIC HISPANIC CHAMBER OF COMMERCE

P.O. Box 910  
Germantown, MD 20875  
240-686-0055 • 240-686-0060 F  
info@mahcc.org  
www.mahcc.org

## GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE

7910 Woodmont Ave., Ste. 1204  
Bethesda, MD 20814  
301-652-4900 • 301-657-1973 F  
info@bccchamber.org  
www.bccchamber.org

## GAITHERSBURG-GERMANTOWN CHAMBER OF COMMERCE

4 Professional Dr., Ste. 132  
Gaithersburg, MD 20879  
301-840-1400 • 301-963-3918 F  
www.ggchamber.org

## GREATER SILVER SPRING CHAMBER OF COMMERCE

8601 Georgia Ave., Ste. 203  
Silver Spring, MD 20910-3438  
301-565-3777 • 301-565-3377 F  
info@silverspringchamber.com  
www.silverspringchamber.com

## OLNEY CHAMBER OF COMMERCE

3460 Olney-Laytonville Rd., Ste. 211  
Olney, MD 20832  
301-774-7117 • 301-774-4944 F  
olneycoc@aol.com  
www.olneymd.org

## POOLESVILLE AREA CHAMBER OF COMMERCE

P.O. Box 256  
Poolesville, MD 20837-20256  
301-349-5753 • 301-349-4701 F  
info@pacc.cc  
www.pacc.cc

## POTOMAC CHAMBER OF COMMERCE

9812 Falls Rd., Ste. 114  
Potomac, MD 20854-3963  
301-299-2056 • 301-299-4650 F  
www.potomacchamber.org

## ROCKVILLE CHAMBER OF COMMERCE

1 Research Ct., Ste. 450  
Rockville, MD 20850  
301-424-9300 • 301-762-7599 F  
rockville@rockvillechamber.org  
www.rockvillechamber.org

## WHEATON-KENSINGTON CHAMBER OF COMMERCE

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contactus@wkchamber.org  
www.wkchamber.org

## CARIBBEAN-AMERICAN CHAMBER OF COMMERCE & INDUSTRY FOR THE GREATER WASHINGTON AREA NETWORK

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Silver Spring, MD 20916  
301-219-3840  
info@cacci-gwan.org  
www.cacci-gwan.org

## PRINCE GEORGE'S COUNTY:

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Lanham, MD 20706  
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pgcoc@pgcoc.org  
www.pgcoc.org

### PRINCE GEORGE'S BLACK CHAMBER OF COMMERCE

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www.pgblackchamber.org

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Forestville, MD 20747  
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www.pgcbot.org

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301-860-0809 • 301-860-1449 F  
www.bizroundtable.org

### GREATER BOWIE CHAMBER OF COMMERCE

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Bowie, MD 20715-3009  
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info@bowiechamber.org  
www.bowiechamber.org

## QUEEN ANNE'S COUNTY:

### QUEEN ANNE'S COUNTY CHAMBER OF COMMERCE

1561 Postal Rd./P.O. Box 511  
Chester, MD 21619  
410-643-8530 • 410-643-8477 F  
business@qacchamber.com  
www.qacchamber.com

## ST. MARY'S COUNTY:

### ST. MARY'S COUNTY CHAMBER OF COMMERCE

44200 Airport Rd., Ste. B  
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301-737-3001 • 301-737-0089 F  
info@smcchamber.com  
www.smcchamber.com

## SOMERSET COUNTY:

### CRISFIELD CHAMBER OF COMMERCE

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Crisfield, MD 21817  
410-968-2500 or 800-782-3913  
410-968-0524 F  
info@crisfieldchamber.com  
www.crisfieldchamber.com

### PRINCESS ANNE CHAMBER OF COMMERCE

P.O. Box 642  
Princess Anne, MD 21853  
410-651-2961 • 410-651-3836 F  
princessannechamberofcommerce@gmail.com  
www.townofprincessanne.com

## TALBOT COUNTY:

### TALBOT COUNTY CHAMBER OF COMMERCE

101 Marlboro Ave., Ste. 53/P.O. Box 1366  
Easton, MD 21601  
410-822-4653 • 410-822-7922 F  
info@talbotchamber.org  
www.talbotchamber.org

## WASHINGTON COUNTY:

### HAGERSTOWN-WASHINGTON COUNTY CHAMBER OF COMMERCE

28 W. Washington St., Ste. 200  
Hagerstown, MD 21740-4709  
301-739-2015 • 301-739-1278 F  
info@hagerstown.org  
www.hagerstown.org

### HANCOCK CHAMBER OF COMMERCE

126 W. High St.  
Hancock, MD 21750-1138  
301-678-5900 • 301-678-5699 F  
info@hancockmd.com  
www.hancockmd.com

## WICOMICO COUNTY:

### SALISBURY AREA CHAMBER OF COMMERCE

144 E. Main St.  
Salisbury, MD 21803  
410-749-0144 • 410-860-9925 F  
chamber@salisburyarea.com  
www.salisburyarea.com

## WORCESTER COUNTY:

### BERLIN, MARYLAND CHAMBER OF COMMERCE

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Berlin, MD 21811  
410-641-4775 • 410-641-3118 F  
chamberinfo@berlinchamber.org  
www.berlinchamber.org

### OCEAN CITY MARYLAND CHAMBER OF COMMERCE

12320 Ocean Gateway  
Ocean City, MD 21842  
410-213-0552 • 410-213-7521 F  
info@oceancity.org  
www.oceancity.org

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info@oceanpineschamber.org  
www.oceanpineschamber.org

### POCOMOKE CITY CHAMBER OF COMMERCE

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pocomokechamber@gmail.com  
www.pocomoke.com

### SNOW HILL AREA CHAMBER OF COMMERCE

P.O. Box 176  
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410-632-0809 • 410-632-3158 F  
info@snowhillareachamber.com  
www.snowhillareachamber.com



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## SBA PARTICIPATING LENDERS

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www.accessnationalbank.com

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Stephen Primosch, 410-222-7410  
www.aaedc.org

**BANK OF AMERICA**  
David Klein, 410-548-3484  
www.bankofamerica.com

**BAY BANK**  
Mark DeLuca, 410-427-3733  
www.baybankmd.com

**BB&T**  
Joseph Kontoff, 410-230-4382  
www.bbdt.com

**BBVA COMPASS BANK**  
888-273-5363  
www.compassweb.com

**BNB HANA BANK**  
800-887-1589  
www.bnbbank.com

**BORREGO SPRINGS BANK**  
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www.borregospringsbank.com

**BUSINESS FINANCE GROUP\***  
Gerald Baroudi, 410-774-4979  
www.businessfinancegroup.org

**CAPITAL ONE**  
Rob Davis, 703-720-3948  
www.capitalone.com

**CAPITALSOURCE BANK**  
George Harrop, 301-272-3710  
www.capitalsourcebank.com

**CARROLL COMMUNITY BANK**  
George Peck, 410-795-1900  
www.carrollcobank.com

**CECIL BANK\*\*\***  
Tom Aheam, 410-398-1650  
www.cecilbank.com

**CEDAR POINT FCU**  
Rose Latham, 301-884-4074  
www.cpfcu.com

**CELTIC BANK**  
Brad Bydee, 801-320-6548  
www.celticbank.com

**CERTUS BANK, N.A.**  
Scott Gilman, 757-625-1033  
www.quadrant-financial.com

**CHESAPEAKE BANK OF MARYLAND**  
410-665-7600  
www.chesapeakebank.com

**CHESAPEAKE BUSINESS FINANCE CORPORATION\***  
John Sower, 202-625-4373  
www.chesapeake504.com

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Jack Hughes, 301-777-1781  
www.chessiefcu.org

**CLEAR MOUNTAIN BANK**  
304-379-2111  
www.clearmountainbank.com

**CNB**  
Bill Stoops, 410-758-1600  
www.cnmd.com

**COLOMBO BANK**  
Bill Linsao, 410-685-4611  
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**COMMUNITY BANK OF TRI-COUNTY**  
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**CONESTOGA BANK**  
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www.mabfc.com

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http://monumentbank.com

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www.navyfederal.org

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213-355-8828  
www.paccitybank.com

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44businesscapital.com

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Paul Kukla, 301-904-0590  
www.pnc.com

## POINT BREEZE CREDIT UNION

Sarah Lee, 410-584-7228  
www.pbcu.com

## PRINCE GEORGES COMMUNITY FCU

Diane Brown, 301-627-2666  
www.princegeorgesfcu.org

## REGAL BANK & TRUST

Donald Marshall, 443-334-4774  
www.regalbank.com

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Sandra Workman, 301-774-6400  
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www.severnbank.com

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Charles Wagner Jr, 443-265-5570  
www.slavie.com

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www.sonabank.com

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281-252- 8888  
www.spiritofTEXASbank.com

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Gene Pryor, 410- 487-7347  
www.secumd.org

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Dave Matthews, 301-729-3738  
www.standardbankpa.com

## STEARNS BANK N.A.

Tom Ethen, 888-320-2899  
www.stearnsbank.com

## SUNTRUST BANK

Teresa Rogers, 410-804-5908  
www.suntrust.com

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www.superiorfg.com

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www.susquehanna.net

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www.tdbank.com

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Carl Cottingham, 410-548-1706  
www.bankofdelmarvab.com

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www.virginiaheritagebank.com

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## WOODSBORO BANK

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www.woodsborobank.com

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Due to changes in the lending industry the above information may have changed and should be verified by a potential borrower. Version May 2014 Maryland DHCD Cheivelle Hill, 410-514-7245 State Microloan Program

Anne Arundel Economic Development Corp and Maryland Capital Enterprises both SBA lenders and MMG Group 410-333-2548 participate in the State Video Lottery Loan Fund

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### SBA.gov/healthcare

- Learn what the Affordable Care Act (ACA) means for you and your small business, with information about key pieces of the law based upon the size of your business

### Healthcare.gov

- Learn more about the new small business health insurance marketplaces, find coverage options for your employees and enroll in either your state or federal marketplace

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